Austria	Sch. 20	Indonesia	Rp 3100	Philippines	Pes. 20
Bahrain	Din 0.650	Israel	NIS 3.50	Portugal	Esc 100
Belgium	BFr 45	Italy	L 1800	S. Arabia	Rls 6.00
Canada	C$1.00	Japan	Y600	Singapore	S$ 4.10
Cyprus	C£0.75	Jordan	Fils 500	Spain	Pta 125
Denmark	DKr 9.00	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	E£1.50	Lebanon	£L 25.00	Sweden	SKr 8.00
Finland	Fmk 7.00	Luxembourg	LFr 45	Switzerland	SFr 2.20
France	FFr 6.50	Malaysia	Rin 4.25	Taiwan	NT $95
Germany	DM 2.20	Mexico	Pes. 300	Tunisia	Din 1.375
Greece	Dr 80	Morocco	Dh 6.00	Turkey	L 350
Hong Kong	HK$ 12	Netherlands	Fl 3.00	U.A.E.	Dh 6.50
India	Rup. 15	Norway	NKr. 7.00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,128 Thursday January 8 1987 D 8523 B

West German banks' role in economy under question, Page 12

World news Business summary

Strikes in France are biting deeper

Rail and electricity services were severely disrupted again throughout France, with little tangible sign of an end to the strikes that have hit the public sector. Some 4,000 riot police were called in to patrol railway tracks after striking drivers cut telephone lines and electricity in a further effort to stop any traffic.

A report of exploratory talks between representatives of the drivers and railway management was the only hopeful sign. Page 2

Car bomb attack

Former Lebanese President Camille Chamoun, 86, a hardline opponent of Syrian influence, escaped with minor injuries in a car bomb attack in Christian east Beirut which killed seven people.

China confirms battle

China said its frontier guards were still fighting Vietnamese troops along their common border after what it called a series of provocations by Hanoi's forces. It said Vietnam had launched a dozen attacks in 48 hours.

SLA toll rises

Two more militiamen in the pro-Israel South Lebanon Army (SLA) were killed in guerrilla attacks just north of the Israeli border, raising to 13 the number to die so far this week.

ANC removal sought

South African Foreign Minister Pik Botha confirmed that Pretoria had pressed neighbouring Mozambique to expel six officials of the African National Congress.

Inquiry to call Kohl

An all-party West German parliamentary inquiry into the Government's role in an alleged sale of submarine blueprints to South Africa said it would summon Chancellor Helmut Kohl to give evidence.

E Germany accused

Former inmates of East German jails accused the Communist authorities of ill treating them, three days after Chancellor Helmut Kohl of West Germany said East Germany was holding 2,000 political prisoners in jails and concentration camps.

Antwerp shoot-out

A policeman was badly injured in a shoot-out with three suspected French urban guerrillas in the Belgian city of Antwerp after following a car which failed to stop at a red traffic light.

Macao talks

Talks are going on in Lisbon which could delide the future of the Portuguese enclave of Macao. China has made clear that it wants sovereignty before the end of the century.

Bombers to die

The Kuwait Security Court sentenced two Jordanians to death for their role in the bombing of two Kuwait seaside cafes in July 1985. Ten people were killed.

Britain's lost jobs

The southern part of Britain has gained virtually one service industry job for every job lost in manufacturing since 1979, but the rest of the country has gained only one for every four or five manufacturing jobs lost. Page 8

Brawl after cricket

Police detained about 30 people on charges of disorderly conduct and assault after England cricket supporters fought to get on to the pitch where their team won a one-day tournament of Perth, Western Australia, beating Pakistan in the final.

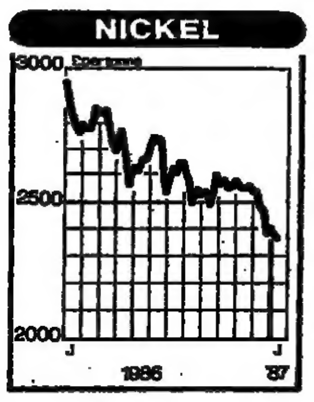
London, Wall St surge to records

LONDON stock markets urged to a record on strong UK and foreign institutional buying of industrial blue chips and consumer issues. The FT-100 peaked with a 31.5 jump to 1,722.2 and the FT Ordinary added 18.7 to 1,353.0. Government securities were little changed due to the absence of foreign support. **Details, Page 34**

WALL STREET: Share prices continued to reach record levels. The Dow Jones industrial average added a further 19.12 to a record 1,993.95. **Page 34**

TOKYO: The Nikkei average plummeted after a higher start on renewed fears of US protectionism. The average closed 94.39 down at 18,842.37. **Page 34.**

NICKEL



NICKEL prices on the London Metals Exchange were pushed to fresh four-year lows yesterday following early selling. But prices partially recovered on profit-taking and buying which seemed to be on behalf of producers. The cash price closed at £2,362.50 a tonne, adding £15 to Tuesday's £25 decline. **Page 26**

GOLD fell $1 to $400.75 on the London bullion market. It also fell in Zurich to $400.75 ($401.75). **Page 26.**

DOLLAR closed in New York at DM 1.9280, SFr 1.62075, FFr 6.4225 and Y158.05. It rose in London to DM 1.9275 (DM 1.9200); it also rose to SFr 1.6205 (SFr 1.6125); to FFr 6.4225 (FFr 6.3875); but fell to Y158.05 (Y158.75). On Bank of England figures the dollar's exchange rate index rose from 107.9 to 108.02. **Page 27**

STERLING fell in London to $1.4710 ($1.4765); it also fell to Y232.50 (Y234.25); remained unchanged at DM 2.8350; but rose to SFr 2.3850 (SFr 2.38); and to FFr 9.4475 (FFr 9.4325). The pound's exchange rate index fell 0.1 to 68.8. **Page 27**

PEUGEOT will pay a dividend this year for the first time since 1979, Jacques Calvet, chairman of private French car group embracing the Peugeot and Citroën car marques, said. **Page 15**

T. BOONE PICKENS, acquisitive Texas oilman, renewed his assault on Diamond Shamrock, Dallas integrated oil company which recently halved its dividend, by joining John Harbert, southern businessman, in an offer of $15 a share in cash for up to 20m shares or 18 per cent of Diamond. **Page 15**

CANNON GROUP, troubled US film company which is the biggest cinema operator in Britain and one of the largest in Europe, has slashed its 1987 film production schedule and laid off an estimated 10 per cent of its US staff. **Page 15**

ISTITUTO San Paolo di Torino, one of Italy's biggest banks and an original member of the consortium of seven private and state banks which took control of Banco Ambrosiano in 1982, has sold its 8.92 per cent shareholding in Nuovo Banco Ambrosiano, successor to the late Roberto Calvi's bank. **Page 15**

MICROELECTRONICS and Computer Technology Corporation, joint venture which was established in 1983 to help the US computer industry meet Japanese competition in long-term research programmes, suffered a series of blows this week with the withdrawal of three leading hi-tech companies. **Page 15**

Central banks mount DM 5bn operation to calm money markets

BY DAVID MARSH IN BONN AND GEORGE GRAHAM IN PARIS

EUROPEAN central banks sold more than DM 5bn ($2.6bn) yesterday in an effort to dampen intense foreign exchange market speculation triggered by the confrontation between France and West Germany over the current strains within the European Monetary System (EMS).

The central bank support, above all for the embattled French franc, added up to one of the largest ever one-day intervention operations and came as the West German Government attempted to stand firm against massive pressure for a D-Mark revaluation.

With no sign of a speedy end to the political and industrial turbulence in France which has spurred the latest disorder in the European Monetary System, the unrest is confronting West Germany with a growing problem of potentially inflationary currency inflows.

As signs multiplied of deep disagreement between the Paris and Bonn Governments over the need for EMS realignment, West Germany is clearly coming under increased pressure to take action to stem the unrest before the country's January 25 general elections.

The French franc was quoted all day at or around its lowest permitted EMS level of DM 3.3303 – the rate at which central banks are obliged to intervene. The Bundesbank also intervened yesterday to support the dollar, which closed in London at DM 1.9275 compared with DM 1.92 on Tuesday.

Mr Gerhard Stoltenberg, the West German Finance Minister, in a television statement last night, said there were no economic reasons for any EMS parity changes. He said the D-Mark had already risen by 7 per cent over the past year against the franc, even though the inflation difference between France and West Germany was only 3 per cent.

However, it became clear yesterday that the Bundesbank, West Germany's constitutionally independent central bank, would favour a speedy re-ordering of currency rates within the EMS to dampen the huge inflows of currencies pouring into the country's money and securities markets.

Yesterday's DM 5bn-plus intervention total, which was confirmed by officials, includes operations by the Bundesbank, the Bank of France and other European central banks. It presents a serious risk to the Bundesbank's attempts to control German money supply growth this year after an extensive overshoot in 1986.

The West German Cabinet yesterday threw its weight behind Mr Stoltenberg's line against any D-Mark revaluation within the EMS, which would add to competitive problems already felt by West German exporters as a result of the D-Mark's sharp rise against the dollar.

However, as ministers and officials kept up a stream of soothing statements in Bonn, currency traders in Frankfurt said the Bundesbank was intervening so heavily that its backroom staff were barely able to keep up with the paperwork.

The Bundesbank's policy-making central council will today discuss the unrest. But, because of the worries over the money supply, it is highly unlikely to try to stem the pressure by cutting German interest rates, a course of action urged frequently by France in recent months.

Pointing out the Bundesbank's resistance to automatic intervention to buy up currencies, one currency dealer in Frankfurt said: "If it were not for the election in two weeks' time, there would be a realignment this weekend."

Analysis, Page 2; Editorial comment, Page 12

Banks 'may face' Latin American loan write-offs

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR JAMES BAKER, the US Treasury Secretary, has indicated that American banks may have to accept losses on loans to major Latin American debtors, the first time that top US officials have raised this possibility publicly.

This surfaced yesterday in a report in the Washington Post, which said that Mr Baker felt that a small portion of loans to Latin American governments probably would not be repaid, and quoted an unnamed senior Treasury official as saying "the debt is not worth 100 cents on the dollar and we should not be engaging in the fiction that it is either."

The Washington Post report puzzled and surprised some experts on Third World debt. They point out that the Treasury has strongly opposed proposals which have surfaced on Capitol Hill suggesting that the writing down of some Third World debt should be explored as a way of improving economic conditions for Third World borrowers. They also expressed fears that merely raising the issue of debt write-offs for major borrowers may make it more difficult to persuade banks to commit new funds.

The comments by Treasury officials coincide with deepening concern in Washington that the current strategy for tackling Third World debt is again in trouble, not least because of the increasing reluctance of commercial banks to commit new funds to major debtors such as Brazil, Mexico and Argentina.

The difficulties encountered in putting together the new Mexican loan package have only served to add to this concern. Brazil is expected next week to tell its US bankers that it too now needs new lending.

Top monetary officials in Washington were yesterday interpreting the reports of the Treasury's stance in part as a trial balloon aimed at stimulating renewed debate about how to tackle Third World debt. It is also being seen as a strong hint to the banks that the time may be approaching when they should drop their insistence on existing debts being treated as repayable in full.

Treasury officials are saying that just because an existing loan to a Third World debtor is written down this should not mean that banks need to reserve against, or write off part of any new loan to the same borrower. US bank law does not currently require a bank to take a write-off on a new loan when it has already written down the value of an existing loan to either a domestic or a foreign borrower.

A key element in the existing strategy for tracking the Third World debt problem, as laid out by Mr Baker, has been the need for new loans to be made to Third World debtors by commercial banks and multilateral lending institutions in order to stimulate growth.

CGE, ITT launch flagship

BY TERRY DODSWORTH IN BRUSSELS

THE NEW European telecommunications flagship company formed from the telephone interests of CGE of France, and ITT of the US, was formally launched yesterday with a board of new executive directors which reads like an international Who's Who and the promise of a public flotation as soon as it is feasible.

The joint venture, which is to be called Alcatel – a name derived directly from the telecommunications subsidiary of the state-owned Compagnie Générale d'Electricité – is also forecasting profits of around $260m this year. This represents a return of about 2 per cent on its sales of $13bn, contributed virtually equally by the ITT and CGE activities.

Among the members of the supervisory board, which will be headed by Mr Rand Araskog, the chairman of ITT will be Viscount Etienne Davignon, the former EEC Industry Commissioner, Mr Alexander Haig, former US Secretary of State, Count Otto Lambsdorff, a former West German Economics Minister, and Mr Michel David-Weill, a senior partner of Lazard Freres, the US merchant banking group.

Alcatel's decision to appoint a broadly-based supervisory board and to have its headquarters in Amsterdam, is seen as a response to criticism that the venture represents a French attempt to pre-empt a dominant position in the European telecommunications business.

With 55.6 per cent of the company against ITT's 37 per cent (other shareholdings will be held by Société Générale de Belgique and Crédit Lyonnais of France) CGE will have unquestioned control of the new organisation, which will be by far the largest telecommunications equipment manufacturer in Western Europe, and the second largest telecommunications company in the world after AT&T of the US.

The head of its day-to-day-operational management will be Mr Philippe Gluntz, a 48-year-old CGE manager who becomes executive vice president.

Despite the strong French managerial presence in the joint venture, however, Mr Pierre Suard, chairman of CGE and the new chief executive of Alcatel, went out of his way yesterday to stress the pan-European nature of the group.

Mr Suard said that the creation of the joint venture was a "unique opportunity for the European telecommunications industry".

"This agreement is the most important industrial alliance since the EEC was established", he said. "The integrated market which the Community has been working for must be realised by setting up these sort of industrial groups".

Questioned on the low level of the group's profitability, Mr Suard said that Alcatel would have many opportunities for reducing costs and improving performance, including the reduction of duplication in its activities.

For the foreseeable future, however, the two lines of public telephone exchange switching equipment inherited from CGE and ITT would be maintained and supported, with integration emerging only over a period of years as switching technology envolved.

Moscow moves to end conflict in Afghanistan

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union said yesterday that it was prepared to set a timetable for the withdrawal of its troops from Afghanistan as part of a political settlement to the eight-year-old war to be discussed in Geneva next month.

The offer of a complete pull out of the 115,000 Soviet force in Afghanistan, together with the unilateral ceasefire declared by the Soviet-backed Government in Kabul from January 15, marks the most significant initiative by Moscow to end the conflict since the original Soviet invasion in 1979.

The Soviet communique says it supports the Afghan Government in seeking through the UN-sponsored talks in Geneva "a political settlement around Afghanistan, within whose framework the question will also be agreed upon of the timetable for the withdrawal of Soviet troops."

At the same time, the Soviet Union is continuing to insist that anti-Government rebels must abide by the ceasefire and reach a negotiated political settlement if Moscow is to pull out.

Guerilla leaders in Pakistan have already rejected the offer by Mr Najibullah, the Afghan Government leader, of a ceasefire and opposition participation in Government saying they do not recognise the Kabul regime and will not talk until all Soviet troops leave Afghanistan.

Thus, the problem for the Soviet Union remains the political and military weakness of the Government in Kabul which is unlikely to survive without active Soviet support. Diplomats in Moscow say there is no sign that Moscow will withdraw its forces if it believes Mr Najibullah will be replaced by a bitterly anti-Soviet regime.

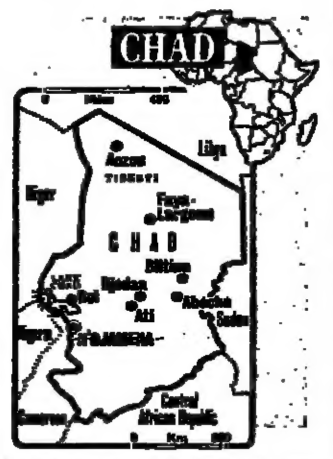
The intransigence of the guerrilla leaders in Pakistan was denounced by Mr Eduard Shevardnadze, the Soviet foreign minister, who returend from a two day visit to the Afghan capital yesterday.

In an interview with the Afghan news agency, Mr Shevardnadze said: "A political settlement is not a remote prospect but a reality of today. The issue of withdrawing the Soviet troops is being considered by us and the Government of democratic Afghanistan accordingly."

The Afghan-Soviet initiative, drawn up by Mr Najibullah and Mr Mikhail Gorbachev, the Soviet leader, in Moscow last month, foresees the talks between Afghanistan and Pakistan conducted in Geneva by Mr Diego Cordovez, the UN special mediator, as the forum in which a breakthrough on Afghanistan might be reached

France retaliates in Chad

By Paul Betts in Paris



THE French airforce yesterday bombed radar installations at the airstrip of the Libyan garrison of Ouadi-Doum in northern Chad, in retaliation for the Libyan bombing raid in southern Chad last Sunday.

France has also continued to increase logistical support to the Chadian army and has dispatched additional military equipment. Moreover, two US air force Galaxy transport aircraft flew supplies to Chad from Nantes, in north-eastern France, this week, including ammunition, desert vehicles and fuel.

This has been interpreted as evidence of Franco-American co-operation to help the central African state. A few weeks ago, Washington sent $15m in aid to Chad.

Paris had been expected to respond to the Libyan raid last Sunday which breached the 16th parallel, where some 1,000 French troops and military equipment, including Jaguar aircraft and helicopters, are stationed to protect the Chadian Government from Libyan incursions in the south of the country. France has always warned that it would retaliate against any Libyan breach of the 16th parallel.

Although Libya has officially acknowledged breaching the 16th parallel last Sunday, the French Gov-

Continued on Page 14

Chinese leaders order hard line on students

By Our Foreign Staff

DENG XIAOPING, the Chinese leader, instructed security officials to take a tougher line with demonstrating Chinese students 10 days ago, indicating that the hard-line conservatives in the leadership have finally won the upper hand in arguing that liberalism has gone too far in China.

Deng's hitherto undisclosed action emerged yesterday when a letter written by him on December 29 was obtained by Reuters correspondents in Peking. It indicates that the leadership decided events had gone too far once the demonstrations reached the capital of Peking.

The translation of the four line note is reported as: "Your tone should be a little tougher; you should show more firmness; you have to make clear the separation between positive and negative; you must work on the students to understand them."

The note was apparently attached to a Communist Party Secretariat report on the university student demonstrations which spread to campuses in at least a dozen cities. The note was clearly a watershed and appears to be the key to the shift in official attitude as publicly expressed in the Chinese press.

Newspapers initially ignored the demonstrations and then took a cautiously liberal line. But in the last 10 days the editorial line has hardened and the People's Daily, the official party newspaper, has progressively toughened its tone to the point where its comments that liberal influences are poisoning young people's minds, suggest that the relative intellectual and cultural freedom of the past 15 months is over.

The reports of Deng's decision to follow the line of the conservatives will be a bitter disapointment to Chinese students who believed he was liberal enough to be able to promote and support their cause. But he has a history of giving ground to conservatives once he believes he cannot win a particular battle and once disruption and disobedience by demonstrating students became flagrant in Peking he appears to have conceded the argument.

There is a close historical parallel for this change of tack by Deng. In 1978 and 1979 he supported the movement which became known as Democracy Wall because people put up wall posters demanding more political and cultural freedom. But he was also responsible for squashing the movement harshly when be though it had gone far enough and

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EUROPEAN NEWS

This week's turmoil in the EMS has put the Federal Government in a painful dilemma, writes **David Marsh**

West Germany pays the price for D-Mark policy

THIS WEEK'S wave of unrest within the European Monetary System places the West German Government and the Bundesbank, the constitutionally-independent central bank, in a painful dilemma. It is all the more acute because it is partly of the West German authorities' own making.

The Federal Republic has had ample warning during recent months that pressures were building up around the D-mark. For a mixture of reasons, since the summer, the Finance Ministry and the Bundesbank, in spite of a tide of critical opinion from abroad about West Germany's tight interest rate and fiscal policies, have refused to take any action to stimulate the economy.

With the French franc now dropping to its lowest permitted point against the D-mark within the EMS, and the Paris Government openly calling on the West Germans to revalue, the hour of reckoning seems to be nigh.

The result in some respects may now be similar to the accord between the US and Japan at the end of October, under which Tokyo agreed to boost its economy in exchange for an agreement keeping the yen-dollar rate stable.

But any outcome revolving around a D-mark revaluation as part of a general EMS realignment after the West German general election on January 25, followed by some kind of economic stimulus, is likely to be a great deal more messy than the Japanese-US accord.

Furthermore, by being transparently forced to carry out such action by turmoil on the foreign exchange markets, the West Germans will forfeit the international credit they would have benefited from had the move been part of a general international "deal" to spur world growth.

Because it has failed to heed the warning signals of the past few months by following a currency policy witheringly described two weeks ago by former Chancellor Helmut Schmidt as "benign neglect", the Government faces possibly the worst of all worlds.

The D-mark revaluation which now looks inevitable is likely to dampen further the increasingly sluggish outlook for West German growth this year. After forecasting growth of 3 per cent both for 1986 and 1987, the Government is now having to accept that expansion last year was only about 2.5 per cent — and could be as low as 2 per cent this year.

In four out of five general elections since 1969, Bonn has revalued the D-mark shortly afterwards. But unlike previous occasions, it will reap little significant bonus for price stability through the dampening effect on import prices of a currency appreciation.

With prices falling in West Germany over the past year for the first time since the 1950s, inflation could hardly be better mastered. Consumer prices indeed are expected to resume a slight rise of 1 or 2 per cent this year.

The open discord between Bonn and Paris over whether the flare-up is a franc or a D-mark crisis is the latest in a long line of disagreements over currency realignments which go back to President Charles de Gaulle's celebrated refusal in 1968 to devalue the franc.

Mr Jacques Chirac, the French Prime Minister, has already told Chancellor Helmut Kohl on several occasions in recent months of French irritation with West German policies.

The Bonn Government is unlikely to be able to give its blessing to any D-mark revaluation as part of an EMS realignment until after the election.

In the meantime, it faces pressures on two fronts. So long as the franc and other EMS currencies, such as the Danish krone, remain at their lowest permitted levels, the Bundesbank will be forced to intervene on the foreign exchanges to purchase currencies—creating the danger of inflating further the already-bloated West German money supply.

On the other hand, even after the election—which the present centre-right coalition looks likely to win—any D-mark revaluation is likely to be highly unpopular.

Export oriented West German industry is already complaining bitterly about falling orders caused by the sharp rise of the D-mark against the dollar over the past two years—from DM 3.47 at the dollar's high in February 1985 to DM 1.91-1.92 now. A rise against European currencies would also cause problems for West German farmers.

The cloud over West German exports, allied with a general flagging of the domestic demand-boosting effect of cuts in the oil price and taxes over the past year, is the main reason for the less than sparkling economic outlook for 1987.

Mr Gerhard Stoltenberg, the Finance Minister, is trying to keep a brave face about growth prospects. But the coalition has scored what amounts to an own-goal this week following the call by the Free Democratic Party (FDP), its junior partner, that tax cuts scheduled for 1988 should be brought forward to this year.

Mr Stoltenberg for several months has been calling, with some justification, for the US Government to put its own house in order by cutting its current account and budget deficits. But Bonn looks likely now to be forced to accept, after a record West German DM 100bn trade surplus last year, that it must take action as well to bring the world economy into better balance.

Exchange rate system proves its worth

THE QUARREL that has broken out between France and West Germany may not be the best advertisement for the success of the European Monetary System, yet over the past four years it has been an island of comparative calm in the world's foreign exchange markets, writes George Graham in Paris.

From its creation in March 1979, the EMS exchange rate mechanism saw seven realignments in the space of four years as it proved impossible to maintain the relative values of the eight full member currencies. In the next four years, however, the mechanism has been realigned only once, at the request of France last April with less far reaching adjustments in favour of the Italian lira and the Irish punt.

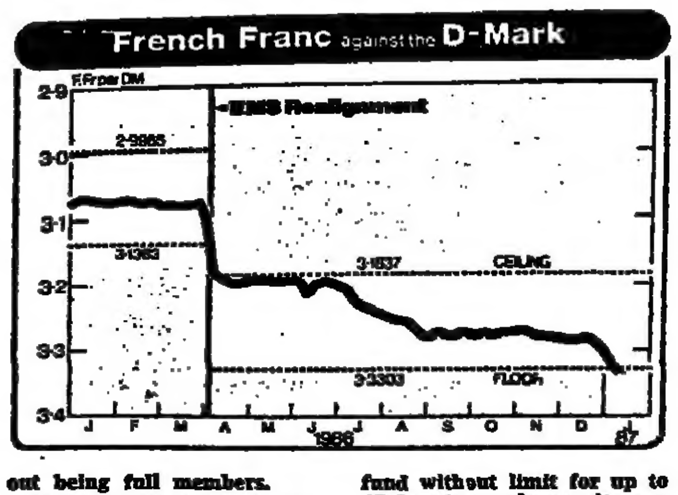
The exchange rate mechanism fixes a central rate for every currency against each other in the system—the Luxembourg franc is in fact pegged to the Belgian currency. A currency may move up to 2.25 per cent in either direction from this central rate, although the lira is allowed a wider margin of 6 per cent. When one currency reaches its trigger point against another, both central banks must intervene.

When the French franc fell to its floor against the D-mark earlier this week, it forced the West German Bundesbank to add its weight to that of the Bank of France by intervening. In the past, however, the onus has usually been on the country with the weaker currency to alter its economic policies and fall into line with the D-mark.

Central banks also monitor the "divergence indicator," which shows how far a currency has moved against the Ecu, the notional currency unit made up of a basket of European currencies. If a currency moves beyond a divergence threshold—though not as far as its 2.25 per cent limit—its central bank is expected, but not obliged, to intervene.

The system has provided a considerable degree of stability in exchange rates for its member countries. Few, however, have been able to match West Germany's performance on inflation, and this has left other countries' exporters suffering a cost disadvantage to their West German competitors. This has made it necessary to revalue the D-mark periodically in order to compensate.

This exchange rate mechanism is only part of the full EMS in which Britain and Greece both take part without being full members.



Its institutions include the European Monetary Co-operation Fund, a pool made up of 20 per cent of the gold and foreign exchange reserves of member countries' central banks. When the franc reached its floor yesterday, the Bank of France was automatically able to draw on the fund without limit for up to 45 days to supplement its own reserves of foreign exchange.

Member countries are also entitled to short-term monetary support lasting up to ine months and to medium term monetary aid. France's quota for these two forms of assistance totals Ecu 14bn (£10.2bn).

Glemp hits back over attacks on church

By Christopher Bobinski in Warsaw

THE HEAD of Poland's Roman Catholic Church, Cardinal Jozef Glemp, has accused the government of seeking to subordinate the church and has protested against a widely publicised newspaper article suggesting that clerical incomes are inordinately high and should be taxed more heavily.

His accusation, made in a hard-hitting sermon delivered in Warsaw Cathedral on Tuesday comes just a week before an important meeting between General Wojciech Jaruzelski, the Polish party leader, and Pope John Paul in the Vatican.

The Pope is expected to express disappointment at the general's failure to pursue the more liberal policies foreshadowed at their last meeting during the Pope's visit to his native country in 1983.

Cardinal Glemp's strident tone belies the impression given over the Christmas Holiday, when the officially controlled media broadcast Midnight Mass from the Vatican, that relations between church and state were good and would remain so until the Pope's next visit planned for June.

He said that recent letters from the Ministry of Religious Affairs to the church were scarcely conducive to the atmosphere of goodwill needed to make that visit a success. Although he did not reveal the content of the letters, they presumably contain demands to curb the activities of "political" priests.

Such pressure, he said, only served to heighten political tensions. However, he added that politics, in the strictest sense, would not be tolerated in church.

The Cardinal also criticised as half true a recent article in the weekly Polityka which estimated that parish priests earned twice as much as government ministers and that they paid only 0.5 per cent income tax rate compared to 10 per cent before the war. He pointed out that parish priests had multiple costs to bear, including parish employees

France plays for high stakes in the battle of wills with Bonn

BY GEORGE GRAHAM IN PARIS

THE STAKES are high for France in the battle of wills it has begun with West Germany. Already engaged in a bitter struggle with striking public sector workers over its anti-inflationary policy, Mr Jacques Chirac's government is refusing to accept a devaluation of the franc which would damage the country's inflation prospects as much as a failure to hold the line on public sector pay.

France has fought hard to defend the franc's current value within the EMS, raising interest rates sharply and spending heavily from the Bank of France's reserves of foreign exchange. By pulling out of the foreign exchange market and allowing the franc to slip to its lowest permitted EMS level Mr Edouard Balladur, the economy minister, has tried to throw the problem back to West Germany, where he believes it belongs.

"The simplest and most effective way of resolving the problem was to let the force of the market have its effect absolutely naturally and allow the French franc to move to its floor," he said yesterday.

If a devaluation is ruled out because of its effect on inflation policy, so too are two other options which have been canvassed: returning to the system of exchange controls which Mr Balladur has still not finished dismantling, or leaving the exchange rate mechanism of the EMS altogether. Either course would represent a damaging about-turn for a Government committed both to liberalisation and to the cause of international monetary co-operation.

Instead, France wants West Germany to shoulder the burden which it views as being caused largely by the strength of the D-mark, not the weakness of the franc. "The Germans now have to face up to their responsibilities and choose between accepting a revaluation of the D-mark or lowering their interest rates," said a Finance Ministry official.

France has wanted a reduction in West German interest rates for some time, seeing this as essential if it is to be able to reduce its own very high real interest rates. Officials have been increasingly irritated to see, instead, the Bundesbank increase its money market repurchase rates slightly.

At stake are the prospects for economic growth this year. Mr Balladur, presenting an outlook to the Council of Ministers yesterday, said the results in 1986 had been good but that 1987 would be difficult. The international economic environment would be weaker than earlier predicted, he said, partly because West Germany and Japan "are not using their full margin of manoeuvre," to accelerate growth.

Lower growth could jeopardise Mr Balladur's scope for reducing the budget deficit and cutting taxes next year, as well as damaging the prospects for a reduction in unemployment. These prospects are not improved by the current turmoil in the public sector, which has contributed — a little, according to the French Government, or a lot, according to the West Germans—to the franc's weakness and the crisis within the EMS.

Oil output up sharply in Soviet Union

SOVIET OIL production totalled some 615m tonnes in 1986, a sharp improvement over the previous year's output, according to the Oil Minister, Vasily Dinkov, Reuter reports from Moscow.

The official news agency Tass quoted him as saying production had stabilised to reach planned daily output levels thanks to a restructuring of the troubled sector, the weak spot of the Soviet economy since late 1983.

Last year's production figure fell slightly short of the 616.7m tonnes targeted for the year, but was well above 1985 output of 595m tonnes.

Strikes cause severe disruption in France

BY DAVID HOUSEGO IN PARIS

THE SEVERE disruptions of rail and electricity services throughout France continued yesterday with little tangible sign of an end to the strikes that have hit the public sector.

The one hopeful pointer was reports of exploratory talks between representatives of the rail drivers and the management of the French railways (SNCF). But both sides were anxious to maintain silence on these.

Electricity cuts were more widespread than on Tuesday, with the Paris suburbs and the provinces worse affected than the capital. The centrist Force Ouvrière union announced that it would also call out its members today nothwithstanding a small improvement in the pay offer made by the national electricity board.

Three of the unions involved in the dispute on the Paris urban transport network (RATP) also announced that they would continue the strike today. This followed the breakdown of a further round of negotiations over pay and conditions.

On the railways, some 4,000 riot police had to be called in to patrol track after striking drivers cut telephone lines and electricity connections in a further effort to disrupt traffic. In the southwest suburbs of Paris drivers also damaged track.

The SNCF denounced what it called "sabotage" by drivers which meant that there was no improvement in mainline services. Mr Pierre Mehaignerie, the Transport Minister, repeated that the Government had no room to make concessions on salaries.

While at an official level attitudes by unions and government seemed to harden, union officials confirmed that behind the scenes contacts were taking place in an effort to find a solution.

Mr Edouard Balladur, the Economy Minister, reporting to the cabinet on the economic situation, said that he had "a good hope" that a way out of the disputes could be found soon.

Dublin to boost shipping with tax cuts and grants

BY HUGH CARNEGY IN DUBLIN

IRELAND IS to reduce corporation tax on shipping to 10 per cent and introduce incentives in a bid to boost the country's small shipping industry.

At present, profits on shipping activities are taxed at the standard corporation tax of 50 per cent, but they will now come under the 10 per cent level applicable to manufacturing industry and computer services.

In addition, grants will be available of up to 25 per cent of the cost of new or second-hand ships less than five years old and the Industrial Development Authority will be able to grant aid to shipping-related companies.

There will also be moves to reduce statutory manning levels on Irish ships.

Mr Jim Mitchell, the Communications Minister, said the intention of the package, which was welcomed by the Irish Chamber of Shipping, was to increase the number of Irish-owned and registered ships using Irish crews. He said 80 per cent of Irish exports are currently carried on foreign-registered ships.

The Irish-registered fleet is down to 69 ships following the collapse of the biggest Irish operator, the state-owned Irish Shipping Company, in 1984. Total Irish employment in shipping is around 3,000.

Berlusconi may sell TV station

By Alan Friedman in Milan

THE ITALIAN private television entrepreneur, Mr Silvio Berlusconi, whose stations have overtaken the state RAI networks in terms of audience and advertising, is expected to sell Rete Quattro (Network 4).

This is one of the three commercial stations he owns in Italy, where legislation allows him to own no more than two. An announcement is likely in the next few days that he will sell Rete Quattro to Mr Calisto Tanzi, the Parma-based dairy goods manufacturer who also controls 80 per cent of Euro TV, a small Italian private network.

The price is not known, but it is understood that the deal will see Mr Berlusconi's Fininvest group retaining control of both advertising and programming for the network. This has caused some surprise in Italy where the sale is seen as satisfying the letter of the law, but perhaps not its spirit.

The three Berlusconi networks, Canale 5, Italia Uno and Rete Quattro, last year had total advertising revenue of L1,150bn (£581m) which is more than the combined total of the three state television networks.

Mr Berlusconi is generally portrayed here as being a close friend of Mr Bettino Craxi, the Socialist Prime Minister. Mr Tanzi, by contrast, is seen as a close friend of Mr Ciriaco de Mita, leader of the Christian Democrat Party.

Aid for Renault and French steel industry

Renault, the French state-owned car group, will receive FFr 2bn (£212m) in government aid, and the steel industry FFr 6bn, the Budget Ministry said yesterday. The extra funds will come from France's 1986 budget, since the European Commission has vetoed any state aid to the steel sector from January 1.

Czech police detain Charter 77 activists

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAK security forces temporarily detained six members of the Charter 77 civil rights group and prevented at least eight others from leaving their homes in Prague on the group's 10th anniversary on Tuesday.

At a news conference in a private flat Charter 77 called on Czechoslovaks to be aware of their constitutional rights and demanded an end to the privileges of Communist Party officials and appealed for religious freedom.

Only one of three of this year's Charter 77 spokespeople, Ms Libuse Shilhanova, was able to evade the security police and attend the meeting with Western correspondents. Prominent Charter members such as Mr Jiri Hajek, the former Foreign Minister of the reform Communist government in 1968, and Mr Vaclav Havel, a leading playwright, were prevented from leaving their homes by plainclothes policemen.

The news conference in the early evening was plunged into darkness after several men appeared who said they were from the electricity board and had wiring to do. They removed the fuses in the flat but the briefing continued by candlelight.

Czechoslovakia relaxed its harrassment of Charter 77 members last year in an apparent reaction to Western criticism of the Prague Government's treatment of dissidents.

The Czechoslovak authorities have put off a decision on whether to bring to trial leaders of another dissident group, the Jazz Section. The independent Prague group which circulated uncensored publications to its 6,000 members was banned last September and seven of its leaders arrested and charged with illegal business activities.

Two men were freed last week and a Prague court recommended the release of three others. A High Court is expected to decide on the State Prosecutor's appeal against the court's recommendation.

Repercussions of the Flick scandal have been surprisingly slight, **David Marsh** reports

Political parties turn to Bonn for a handout

WEST GERMANY'S political parties contesting this month's general election are fighting not just for votes but for a share of a bumper DM 225m (£80m) jackpot in state handouts.

Political funding rules agreed in 1983 call on the taxpayer to ease the parties' financial straits.

Part of the cash has already been paid out to help defray campaign costs. But the exact sum due to each party will be allocated in the three weeks following the poll on the basis of the percentage of the vote they succeed in attracting—giving a new twist to the campaign slogan adopted in various ways by the main parties that Leistung muss sich lohnen (performance must be rewarded).

Increased state contributions for the country's political groups represent the most obvious, and somewhat ironic, consequence of the scandal of the last five years over the funding of West German parties, hinging on revelations of clandestine political financing by the Flick industrial group.

For an episode which has been labelled the Federal Republic's most serious political scandal, the political fall-out of the Flick affair, after years of twists and turns, has turned out to be astonishingly slight.

This is underlined by the rising fortunes of one of the main political casualties of the affair, Count Otto Lambsdorff, the former Economics Minister.

He is still on trial in Bonn in a 17-month-long court case on charges of evading taxes over contributions made by Flick to his Free Democratic Party (FDP). The FDP is the junior partner in the present centre-right Bonn coalition with Chancellor Helmut Kohl's Christian Democratic Union (CDU) and the Christian Social Union (CSU).

But the much more serious charge of taking bribes in connection with tax concessions awarded to Flick between 1976 and 1981 were dropped in July last year. Two and a half years after resigning in ignominy in 1983 after six years as Economics Minister, the Count consummated his return last month from political no man's land with a large party to celebrate his 60th birthday.

The present administration badly needs to add sparkle to its lacklustre economic policy and the Count is readying himself for a return to government at some stage after the election should the coalition, as generally expected, remain in power after January 25.

All the parties, especially the Count's own small FDP, which has traditionally been most reliant on large business donations, are trying to improve their finances by increasing smaller-scale contributions from party members and other individual sympathisers.

The unravelling of a web of intrigue linking the parties financially to big business over the past two decades has forced them to cut their reliance on the private sector cash which flowed all too liberally during the 1970s. Much of it came through illicit channels under which donors hoped both to evade tax and to win political contacts and influence.

Additionally, under a measure amplified by a decision of the German constitutional court last summer, donors are allowed full tax deductibility on payments of up to DM 100,000 a year.

Large business donors, dissuaded by the adverse publicity of the past few years, are proving reluctant to dig into their pockets to finance the CDU's present election campaign.

The increased state financing contrast with Bonn's philosophy of the free market—and also with some guiding political precepts. The constitutional founding fathers of the Federal Republic laid down in 1949 that democracy would best be served if parties financed themselves independently rather than from the state.

But West Germany has come collectively to the conclusion that increased party reliance on the public purse is a lesser evil than progressive entanglement with industry and banking lobbyists donating cash in thick envelopes or in dubious transfers from foreign bank accounts.

Instead, as part of a package of decisions in November 1983 (carefully backdated to take in the March 1983 general elections) to put party financing on a more solid footing, the parties have turned to the state.

Each of the 45m voters in West Germany—irrespective of whether he or she goes to the polling booths—shells out DM 5 per head per election (up from DM 3.50 previously) to cover the parties' campaign costs

DONATIONS TO WEST GERMAN PARTIES

	1980	1981	1982	1983	1984	1985
CDU/CSU	65.3	27.9	41.7	57	34.3	31.8
SPD	12.8	8.2	14.3	11.7	14.2	15.2
FDP	11.0	10.5	4.3	13.4	8.7	9.8

Source: party reports

The Flick group was sold to the Deutsche Bank at the end of 1985 and then floated on the stock market (at a handsome profit to Deutsche) partly because its owner, Mr Friedrich Karl Flick, was sick of the opprobium surroundings revelations from 1981-82 onwards of his company's dealings.

Deutsche Bank, one of the biggest declared donors in the country with DM29m donated for "political" purposes over the past quarter of a century, has thus finished up—as usual—on the winning side.

The Flick group's own illicit payments of at least DM 25m between 1969 and 1980 to political parties, led by the CDU and FDP but including the now-Opposition Social Democratic Party (SPD), were revealed as a by-product of a separate investigation into tax evasion. The contributions were detailed in pencilled records, maintained with Dickensian punctiliousness by the company's chief book-keeper and impounded by judicial investigators.

But this was only the tip of the iceberg. A Cologne-based tax shelter foundation supported by big business, quaintly but implausibly named the Association for State Citizenry, is believed to have channelled DM 200m to the main parties, above all the conservatives, from the 1950s onwards.

The Flick affair has occupied miles of column inches in the West German press, above all the magazine Der Spiegel, led to tortuous court and parliamentary investigations, and claimed some notable victims.

At the beginning of 1986, when Mr Kohl himself faced an investigation from the Bonn public prosecutor into charges that he lied to a parliamentary panel investigating the affair, it appeared briefly as if the scandal might even force the Chancellor's resignation. But the investigation — which Mr Kohl alleged was politically motivated — was dropped last May — and since then the scandal has gone cold.

In the run-up to the election, the affair now is hardly mentioned in the press.

Count Lambsdorff's companions in the long-running Bonn court case—once dubbed by the newspapers as the "trial of the century" but now out of the headlines—are another former FDP Economics Minister, Mr Hans Friederichs (also formerly the chairman of the Dresdner Bank), and Mr Eberhard von Brauchitsch, a former top Flick boss who was forced to resign as president-elect of the West German Industry Confederation.

After a trial which has cost an estimated DM 3m to DM 5m and generated 60,000 pages in documents, the verdicts on charges of tax evasion are due to be pronounced on February 16.

The date could mark a rise from the political ashes for the Count and, for the mouldering remains of the Flick affair, final consignment to an unmourned grave.

Early Rhine recovery predicted

BY JOHN WICKS IN ZURICH

THE RHINE, which was seriously polluted above Basle last November by pesticides from a fire at a plant owned by Sandoz, the Swiss chemicals giant, could start to recover as early as this spring.

A report prepared for the Rural Basle canton by the Swiss Federal Institute for Water Supplies, Sewage Treatment and Water Protection underlines the disastrous consequences of the fire for the river's ecological system. In the Swiss part of the Rhine below the Birsfelden power station almost all the fish were killed and nearly all insect larvae wiped out. It is not yet known what effect the pesticides had on insect eggs.

Not all fauna was destroyed, however. Some types of worm were unaffected. There also seems to have been little damage to plant life.

The report claims that the bacteriological self-purification properties of the river have remained intact.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

OVERSEAS NEWS

Black students in mass return to schools

By Anthony Robinson

THE FIRST day of the South African school year was marked by a mass return to school by millions of black students who heeded calls by a wide range of black community leaders to resume studies widely interrupted by two years of student protests.

The return to school call by the national Education Crisis Committee (NECC), and religious community associations reflects the outcome of an intense debate within the black community. Radical slogans such as "liberation first, then *education*" have been decisely rejected.

The argument has dominated that blacks, while continuing to press for radical changes in the curriculum, democratic representation bodies and a unified system of education for all races, must educate themselves in order to play their full role in a future non-racial South Africa.

In the light of this new determination to make black education work, black educationalists, teachers and students were angered when three prominent NECC leaders were detained and new restriictctions were imposed at the end of the year under the emergency regulations. These were aimed principally at banning all attempts to organise what is known as "alternative education."

This rejects, for example, the white bias in history and other textbooks, and seeks to provide black students with an education which revalues black history and the struggle for emancipation.

An additional 1.8m black students are expected to enroll this year for the first time, 70,000 more than in 1986, a year marked by widespread school boycotts and the closure of 73 affected schools by the Department of Education and Training. The Government has sharply increased spending on black education and has pledged to equalise educational opportunities over the course of a decade, but still remains committed to racially segregated primary and secondary state education.

It has given the green light, however, for a rapid expansion in racially integrated private schools, although these have become a target of black radicals, who insist that middle class black parents should send their children to state schools and not opt out of the struggle for higher standards.

Meanwhile, widespread violence has broken out in the Eastern Cape township of Kwanobuhle near Uitenhage. There was fierce fighting between conservative vigilantes and radical supporters of United Democratic Front (UDF) organisations, similar to the clashes which led to the destruction of the New Crossroads squatter camp near Cape Town last May.

Local police, who described the violence as "not unrest-related," said that two people were killed and seven injured, while furniture and other property was burnt after a crowd of 1,500 paraded through the township attacking "radicals."

Later the two groups fought a pitched battle in the streets. Four hours after the violence began police intervened and warned the groups that they were breaking the law.

Residents' accounts of the fighting indicate that the death toll was higher than the official figure and that police failed to protect the victims of vigilante violence. Over the past six months the population of Kwanobuhle has been swollen by the arrival of an estimated 20,000 people from the nearby township of Langa, where 21 blacks were shot dead by police in March 1985.

Langa has been demolished and its inhabitants removed to a tent city on the outskirts of Kwanobuhle, one of a series of forced removals affecting over 80,000 people over the past six months.

Tamil workers killed in plantation clash

By Mervyn de Silva in Colombo

THREE TAMIL plantation workers were killed and ten injured when violence erupted in a tea estate in Sri Lanka's central highlands. The army was called out to help the police who said that they were attacked by a "mob" of 7,000 Tamil tea pluckers.

A dispute between rival trade unions was the main reason for the sudden outbreak of violence, and not ethnic tensions, police said.

The Government, however, has serious cause for worry. Northern Tamil separatist groups have been fairly successful recently in infiltrating the tea estates, where the workers are Indian Tamils granted Sri Lankan citizenship.

Tea is Sri Lanka's chief export crop, and any alliance between the two Tamil communities could be disastrous, politically and economically, for the government.

Peter Ungphakorn examines a growing dilemma for the Bangkok Government

Thailand tackles farm-dependent economy

THAILAND is the latest in a long list of nations forced by the economies of today's world to try to reduce the emphasis of agriculture in the economy.

This is an exceptionally tricky transition for a country like Thailand to make, with the bulk of its 50m population dependent on the land for a living which thus far has produced a remarkably cohesive and reasonably stable society.

However, after centuries as an essentially rural and agricultural society, Thailand is moving quietly away from farming in search of the fruits of other economic fields.

Rice, once the country's principal foreign exchange earner, has been replaced by tourism. As agricultural recession starts to bite in the world's largest rice and tapioca exporting nation, sectors such as the labour-intensive manufacturing industries begin to play a stronger role in bolstering the economy through export earnings.

Falling returns have nudged more farmers out of the countryside and into the more prosperous urban areas in search of world. Some have even gone abroad.

Yet this transition remains too politically delicate for it to be announced as an official and desirable economic objective. The largely civilian Government of Gen Prem Tinasulanonda has come under pressure to subsidise falling farm prices.

So far, the Government has been unwilling and unable to earmark large amounts of cash either to subsidise prices or to make grants to encourage farmers to become more competitive in international markets.

However, some rifts are beginning to appear among the Thai leadership ranks. While these are likely to preoccupy the politicians it is possible that political differences could result in the complaints of the rural community getting more attention from all sides.

In his seven years as Prime Minister, Gen Prem has survived two coup attempts and two general elections, and warded off several political rivals. Thailand's constitution has allowed him to remain in office without standing for election. For a few months after the general election last July, his position seemed stable despite squabbling within and between the elected parties in the coalition.

Recently, rifts have been reported, but officially denied, within his own powerful group of military and civilian appointees. But in the past, jostling for power has had little effect on the economy's momentum, even if it has distracted government from longer term planning.

In 1986, GDP growth was between 4.2 and 4.5 per cent, with over 5 per cent expected in 1987. The current account is probably now in surplus for the first time in decades.

Thailand has just embarked on its sixth five year development plan. Between now and 1991, a considerable increase in private sector initiatives – and money – is being sought for maintaining growth at 5 per cent per year or more. The average over the previous five years was 4.9 per cent, with about 6 per cent achieved in 1983 and 1984. Under the Fourth Plan (1977-81) the average was 7.1 per cent.

The country's planners see little room for the Government to play a large role in the economy, despite the leeway created by lower imported oil prices and interest rates.

Revenue limitations, debt servicing commitments totalling a quarter of the budget for fiscal 1987, and Government reluctance to touch another fifth of the budget given to the military, leave it with little room for manoeuvre. Hence the emphasis on the private sector filling the gaps, including talk of privatising a number of loss-making state enterprises.

For the Sixth-Plan, private investment is targeted to accelerate from an average growth rate of 0.6 per cent under the previous plan to 8.1 per cent. That would give the private sector a 70 per cent share of total investment, although some economists doubt whether the target can be reached.

Dr Snoh Unakul, secretary-general of the planning agency, recently told the Council of Foreign Relations in New York that he considered Thailand to be the front running economy in Southeast Asia, soon to take its place among the likes of South Korea, Hong Kong, Taiwan and Singapore. But to do that, Thailand will have to continue to reduce the economic and labour importance of agriculture.

The World Bank ranks Thailand above Indonesia and the Philippines but below Malaysia in the lower middle income bracket with a growth rate that is better than its neighbours, both this year, and possibly the next.

The position has helped Thailand with its industrial export growth. The smaller volume of textile and garment exports, for example, has allowed it to slip these into US markets where stiffer barriers are imposed against more advanced developing and industrialising countries.

Cautious monetary and fiscal policies have given the country a good credit rating. A devaluation in 1984 and a "managed float" of the baht since then have helped exporters, although causing some suffering for importers.

But Dr Snoh is under no illusions about the problems facing agriculture and rural Thailand. For the Sixth Plan, his National Economic and Social Development Board could only hope for agricultural production to continue to grow at 2.9 per cent annually – less than two thirds of the rate for the economy as a whole.

For much of the sector, growth has been worse. Two years ago, the value of manufacturing output overtook that of agriculture. Tourism, which could earn the country Baht 37.4bn ($1.44bn) this year, has replaced rice as the number one foreign exchange earner.

Much of the government's effort is directed towards the urban sector. Policies include:

- More foreign investment and gradually making conditions more favourable, particularly by cutting red tape. Foreign participation in the Securities Exchange of Thailand is also being encouraged as part of an effort to direct more funds towards equity investment, so far with mixed results. Financial restructuring aimed at mobilising more savings and reducing the proportion of investment through borrowing is one of the aims of the new development plan.
- Tax reform, which presents a dilemma. The Government desperately needs to raise more revenue, having chronically failed to meet its targets over the past few years. But it also needs to reform the tax structure to remove some of the disincentives to economic activity. That means reducing revenue at first until economic growth and the hoped-for incentive of a broader-based and fairer system encourages people to pay more tax.
- Providing jobs for an estimated 3.9m entrants to the labour force in the next five years. The emphasis is on developing small scale industry, particularly in rural areas, again depending on private sector participation.

Peking derides Hanoi's claim of success in border clashes

BY ROBERT THOMSON IN PEKING

CHINESE and Vietnamese troops have clashed in recent days, with Hanoi claiming that attacking Chinese forces suffered 500 casualties, and Peking claiming that its troops counterattacked after Vietnamese "provocation."

Vietnam's claim makes the skirmish the most significant since Chinese troops surged into that country in 1979 to "teach it a lesson" after Vietnam invaded Kampuchea, but a *Chinese Foreign Ministry* spokesman said yesterday the casualty claim was "sheer boasting."

The official Vietnamese news agency claims the Chinese attacked the northern province of Ha Tuyen on Monday.

The Chinese Foreign Ministry said that Vietnamese attacks had been "met with forceful counterattacks by frontier guards. The so-called battle victories declared by Vietnam are sheer boasting. The reports are designed to deceive the Vietnamese people and world opinion."

In the first casualty figures given by China, the official New China News Agency said border guards had "wiped out 200 Vietnamese troops" by about 7 am on Monday, while a Vietnamese company was "anihilated" yesterday morning.

Diplomats here say the border clash, one in a series of such incidents since the two countries fell out in the late 1970s, could be part of the Chinese strategy to distract Vietnamese forces from Kampuchea, where China backs the resistance coalition fighting the occupying Vietnamese.

Asked whether the clashes were linked to the Kampuchean issue, the Chinese Foreign Ministry said: "While we are conducting counterattacks, we are also closely monitoring the movements by Vietnam in Kampuchea."

Peking and Hanoi, allies during the Vietnam War, are now the best of enemies. The Chinese like to call Vietnam the "little hegemonist," while the Soviet Union is the "big hegemonist."

The neighbours fell out over Vietnam's increasingly cosy relationship with Moscow and, more importantly, the Vietnamese invasion of Kampuchea in late 1978 that toppled the Peking-backed Khmer Rouge regime led by the brutal Pol Pot.

China has warned that it will teach Vietnam a "second lesson." But the "first lesson" in 1979 was poorly executed and an embarrassment for the Chinese, who withdrew after less than a month with higher than expected losses. Since then, the two countries have clashed regularly along their 1,100 km border.

In recent months, the Vietnamese have stepped up their *campaign to improve relations* with China, but Zhao Ziyang, the Chinese premier, said a few weeks ago that friendship was impossible until the Vietnamese left Kampuchea.

Until then, the Premier said, "China will not change its policy of exerting pressure on Vietnam along the border, and our troops must be ready to take the necessary action at anytime."

China has pressured the Soviet Union to encourage Vietnam to leave Kampuchea, and Deng Xiaoping, the Chinese leader, last year offered to meet Mr Mikhail Gorbachev, the Soviet leader, if Moscow withdrew its support for the Vietnamese occupation.

Hong Kong hits at UK on refugees

By David Dodwell in Hong Kong

POLITICAL leaders in Hong Kong yesterday fiercely criticised the British Government for its failure to take a lead in relieving the problem of Vietnamese refugees in the territory.

They complained that Hong Kong had been penalised and exploited because of its decision to abide by commitments to provide first asylum to boat refugees.

They gave the colonial administration six months to obtain from the British Government commitments that would solve the refugee problem, after which a much harder line be considered on whether sanctuary should be given to new arrivals.

At the year's first meeting of the Legislative Council, Hong Kong's foremost lawmaking body, political leaders condemned Britain for failing to honour commitments to Hong Kong on the resettlement of refugees. Britain has taken just over 1,000 refugees over the past five years, compared with more than 8,000 going to the US, 5,000 to Canada and 3,000 to Australia.

A promise to absorb a further 500 refugees expired at the end of 1986, and the British Government has made no further commitments for this year. Other recipient countries have in recent months trimmed back resettlement programmes, insisting that Britain was obliged to take a lead.

S. Korea party chief offers to go

SOUTH KOREAN opposition leader Lee Min-woo offered to resign yesterday hours after being accused by leading dissidents Kim Dae-jung and Kim Young-sam of lack of leadership, a spokesman said, Reuter reports from Seoul.

Hong Sa-dok, spokesman for the New Korea Democratic Party (NKDP), quoted Lee as saying he could not continue as party president with the two dissident leaders accusing him of not waging an effective fight for democracy.

Lee's offer has yet to be discussed by party executives. There was no immediate comment from either of the two Kims, who control the main opposition party behind the scenes and head a major dissident group, the Council for Promotion of Democracy.

The Kims told reporters earlier that Lee had committed a grave error by wrongly suggesting the opposition could accept a government proposal for a cabinet responsibility system instead of direct presidential elections.

It was the first time they had criticised the NKDP chief in public.

Lee suggested last month that the NKDP could consider the proposal by the ruling Democratic Justice Party (DJP) if the Government granted more liberties, including fair elections, a free press, provincial autonomy and the release of jailed dissidents.

Tough test of Portugal's mettle

David Dodwell looks at the background to negotiations on the future of the Macao enclave

TALKS in Lisbon this week over the fate of Macao, the tiny Portuguese enclave on China's southern coast, are expected to set the scene for the next and most difficult round of Sino-Portuguese negotiations in Peking.

On the agenda are the terms of — and the timetable for — a transefer to Chinese sovereignty, and there are signs of increasing acrimony in spite of early predictions that the talks would be simple and amicable.

It is an irony that in 1975, when Lisbon relinquished sovereignty over Macao, and offered to return the territory to China, leaders in Peking refused. Today, two years after the Sino-British agreement on Hong Kong's future set the year 1997 for the transfer from British to Chinese sovereignty, Peking is pressing for the speedy return of Macao.

It is the turn of Lisbon to drag its feet. Over the past year of negotiations on the future of Macao, Peking has made it clear it wants sovereignty before the end of the century. Lisbon, more it seems for reasons of dignity than practical need, wants more time. The dates 2015 and 2020 have been mentioned.

As Dr Joaquim Pinto Machado, Macao's Governor, this week meets in Lisbon with President Mario Soares to discuss the position Portugal's negotiators should take in talks with Peking, so a second issue seems to be a focus of dispute —Portugal's desire for Macao people to be entitled to dual nationality after the transfer of power.

As Hong Kong residents will recall, Peking flatly rejected any suggestion that they could be anything other than Chinese citizens, and the same fate appears to face the residents of Macao, 97 per cent of whom are ethnically Chinese. Lisbon has in the past offered full Portuguese nationality to Macao citizens if they request it.

This contrasts sharply with the policy of Britain, where careful measures have been taken to ensure that Hong Kong residents carrying a British passport have no right to live in the UK.

Chinese and Portuguese officials glibly predicted a year ago that the transfer of power would be straightforward, based on the model of the Sino-British agreement on Hong Kong. Recent developments are proving them wrong, and it is almost certain that further serious differences have yet to emerge.

Macao's legal system, for example, is based on Portugal's, and is manned entirely by lawyers and judges from Portugal. The case for preserving the existing legal system—so fiercely fought over in Hong Kong—is much less convincing in Macao. But the alternatives —applying China's legal system, or the British-based system which is to be preserved in Hong Kong — are equally invidious.

Cynical observers claim talks on Macao's future will be brief because the territory is so marginal to Portugese politics that there is no will to fight hard to preserve the rights of its 350,000 residents. The talks in Lisbon this week—and the next round of negotiations in Peking — will doubtless be a test of Portugal's mettle.

Lebanese politician escapes blast

BY NORA BOUSTANY IN BEIRUT

MR CAMILLE CHAMOUN, the former president of Lebanon and most prominent of the country's Christian leaders, escaped an assassination attempt yesterday when his motorcade drove by a booby-trapped car packed with explosives.

Six people were killed, including three of his body guards and 40 others were wounded in the blast. Mr Chamoun, who was driving his bullet-proof grey Mercedes, had minor injuries in his right arm but left the Hotel Dieu Hospital after two hours, limping slightly but alert and calm.

Recently he had endorsed a planned summit meeting between President Amin Gemayel of the Lebanon and Mr Hafez al Assad, his Syrian counterpart, provided that it did not infringe on Lebanese sovereignty.

Traditionally, though, the 86-year-old Mr Chamoun, a shrewd and witty politician, has been one of the foremost opponents of Syrian tutelage.

There were no immediate claims of responsibility for the latest attempt on his life. It occurred as Mr Chamoun, Minister of Finance in the present government, drove to a meeting with leaders of the Lebanese Front, the Christian political coalition.

There have been at least three previous attempts to assassinate Mr Chamoun. In November 1985 a suicide bomber rammed a truck onto the fortified headquarters of the Lebanese Front.

Mr Chamoun served as president from 1952 to 1958

AMERICAN NEWS

Reagan officials hit back over Iran scandal

BY LIONEL BARBER IN WASHINGTON

THE WHITE HOUSE, frustrated at Congress's refusal to publish a preliminary inquiry into the Iran scandal, has begun selectively leaking parts of the report favourable to President Reagan.

White House officials have also suggested privately that Lt Col Oliver North, the aide at the centre of the scandal, lied in his written account of the operation to sell arms secretly to Iran.

The White House offensive comes as Congress, now under full Democrat control, is about to launch two separate select committee inquiries into the affair and NBC and the Wall Street Journal published a joint poll showing little improvement in Mr Reagan's approval rating over the past month.

The Democrats this week resisted publishing a report by the outgoing Republican-controlled senate intelligence committee on the grounds that it was incomplete, misleading and could prejudice the work of the two new committees.

There are numerous discrepancies and unresolved mysteries about the scandal such as how much money, if any, was diverted from the arms sales to the Nicaraguan Contra rebels and who, apart from Lt Col North, knew about the operation.

Mr William Casey, head of the CIA and a key figure, will almost certainly not be able to return to his job or resume congressional testimony following surgery last month to remove a brain tumour. Doctors have confirmed that Mr Casey has difficulty speaking and weakness on his right side.

The New York Times yesterday carried a report which quoted unnamed White House officials saying that Lt Col North had falsely suggested in a written chronology that President Reagan had approved an arms shipment to Iran via Israel in September 1985.

The shipment is a matter of bitter dispute. The president's former National Security Adviser, Mr Robert McFarlane, has said in sworn testimony that Mr Reagan approved the shipment. Mr Donald Regan, White House Chief of Staff, has insisted the opposite.

The 11-member senate intelligence committee set up on Tuesday has a seven-month mandate to complete its inquiries. Yesterday the House of Representatives was preparing formally to establish its own 15-member bipartisan committee.

President Reagan, meanwhile, received a clean bill of health from his doctors following prostate surgery and checks to see if there was any recurrence of colon cancer. He could leave hospital as early as today after arriving last Sunday.

Lugar wins first round

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

SENATOR RICHARD LUGER, the Indiana Republican, has won the first round of his struggle to retain his role as the senior Republican on the Foreign Relations Committee now that the rival Democrats have taken over the chair.

The senator, who has enjoyed close working relations with the White House and particularly with Mr George Shultz, Secretary of State, has been challenged for the position of ranking Republican on the committee by Senator Jesse Helms, the arch-conservative who has frequently been a thorn in Mr Shultz's flesh.

Mr Lugar's impressive leadership of the committee over the past two years has helped revive its stature on Capital Hill.

On Tuesday the Republican members of the committee voted 7-0 to support Senator Lugar in his bid to retain his position as senior Republican, with two Republican members, one of whom was senator Helms, not atending the meeting.

Next week the 45 Republican members of the Senate will probaly be asked to vote on the issue, since Senator Helms is not expected to drop his candidacy.

GM troubles cut US car output by 4.4%

THE US produced fewer than 8m cars last year—a 4.4 per cent decline on 1985, industry figures show, Reuter reports from Detroit.

The decline was entirely due to lower production by General Motors, which laid off thousands of workers in the face of slowing sales and a slipping hold on the US market, which it dominated for decades.

Despite the lower production of 7.83m, dealers and manufacturers are expected to have record sales of about 16m cars and trucks, eclipsing last year's record 15.72m sales of domestic and imported models.

In contrast to GM, Ford and Chrysler increased output of cars, according to the figures.

Analysts forecast that car production would fall further in 1987 as market demand slowed and new cars from Korea, Mexico and Brazil became available.

Austral falls to all-time low on parallel market

By Tim Coone in Buenos Aires

THE ARGENTINE'S currency, the austral, fell to an all-time low in the Buenos Aires parallel money market yesterday, hitting 1.84 australs to the dollar and creating a gap of nearly 45 per cent between the official and parallel rates.

It is the widest gap since the introduction of the Government's economic stabilisation programme, the Austral Plan, in June 1985.

The parallel rate is viewed locally as a barometer of public confidence in the Government's economic policy much more than other indicators, such as price movements on the stock exchange.

In the past month, the parallel rate has slipped almost 20 per cent against the dollar, while the official rate has slid only 6 per cent, creating pressure for a major and rapid devaluation.

But Mr Jose Luis Machina, president of the Central Bank, said in an interview published yesterday that the Government was not considering changes to its monetary policy.

David Gardner reports on the tenth anniversary of two radical publications

Mexican magazines celebrate their survival

MEXICO recently celebrated two remarkable press anniversaries: the 10th year of survival of the country's two most independent publications.

Proceso, a left of centre weekly magazine with little regard for Mexico's many political shibboleths, and Vuelta, a liberal monthly review relentless in its libertarian critique of Mexican public and cultural affairs, have been small but sharp thorns in the side of a regime used to a high level of state management of the media.

They have in common their emergence from the ruins of Mexico's last great adventure into independent journalism, Excelsior, the country's leading daily when it was edited from 1968 to 1976 by Mr Julio Scherer, who founded and edits Proceso.

Nostalgic former contributors recall that under Mr Scherer Excelsior collected probably the finest array of journalists and writers assembled in Mexico this century, making it during his tenure the leading daily in the Spanish speaking world.

Pluralist and critical, from 1971 to 1976 it also published the cultural supplement Plural, edited by Mr Octavio Paz, leading poet and essayist of Latin America and Mexico.

In July 1976, then president Mr Luis Echeverria engineered a Machiavellian palace coup inside the Excelsior co-operative against the Scherer group. Despite an outcry in Mexico, the US and parts of Europe and Latin America, Mr Scherer and Mr Paz (who founded Vuelta) were forced to move on, carrying with them the newspaper's spark of independence.

Proceso is an eclectic magazine, beginning with Mr Scherer himself. A man of great vitaliy and humour, with eyes which are penetrating and mischievous by turn, Don Julio, as he is known respectfully in the profession, does not so much edit as impel Proceso. Its staff work on a long leash, publishing pieces of widely varying length and often contradictory views.

They are combative, breaking into areas most newspapers pass over such as corruption, justice, and the police, election frauds, the army and companies like Pemex, the state oil monopoly, and Televisa, the powerful private TV conglomerate, both of which are normally about as penetrable as the Kremlin.

Proceso cartoonists are devastatingly apposite and are among the few in the craft which enjoys the widest margin of freedom in Mexican journalism—who openly dare to lampoon President Miguel de la Madrid and his ministers. Its columnists span the polical spectrum

This attempt to wrench public affairs from the private grasp of the all-embracing Institutional Revolutionary Party (PRI), in power in one form or another since the triumph of the 1910-20 Mexican revolution, is where Proceso converges with Vuelta.

"What we want to do in all spheres is to criticise," explains Mr Enricue Karauze, Vuelta's managing editor. "Since public life here is not public, this is necessary. What defines our criticism isn't so much that it is liberal, as that it tries to untie the knots of rhetoric," he argues.

In Mr Paz's formulation, Vuelta's function is to provide "a free space" for imaginative writers and critical thought, between the PRI/Government and the unreconstructed left of which the poet himself was once a standard bearer.

Vuelta's stature comes in the first instance from its publication of literature: by established Latin American writers like Paz himself, Mario Vargas Llosa, Carlos Fuentes or the late Jorge Luis Borges: by their European peers like Italo Calvino, Milan Kundera or Ted Hughes: and through the regular featuring of new writers.

Other writers of world-renown such as Nobel Laureate Gabriel Garcia Marquez have kept away, presumably as uncomfortable with Mr Paz's apostasy as he is with their sympathies for the Cuban Revolution.

But what has carried Vuelta out of these confines and given it national impact here is unquestionably its vigorous espousal of democracy as an imperative for Mexico and its *de facto* one-party system.

Mr Krauze, a writer of luminous prose who specialises in intellectual history, set this agenda with his influential 1983 essay for a Democracy Without Adjectives, now the title of a best-selling collection of his passionate democratic advocacy. Mr Paz himself, long silent on Mexican politics, returned to the fray with a devastatingly measured reflection on the decadence of the ruling party entitled PRI, 1929-1985: Time Up.

"Democracy," says Mr Krauze, "is an idea which has given us sales." Vuelta's sales have doubled to around 15,000 since Mexico entered its worst financial and economic crisis for half a century in 1982, brought about largely by a lack of accountability.

Vuelta also launched a South American edition, three months ago, published in Buenos Aires and capitalising on the restoration of democracy in most of the Southern Cone. "We're all going back to basics; reading de Tocqueville," Mr Krauze enthuses.

This has given Vuelta financial independence, beyond the reach of Mexico's most powerful advertiser, the State, which provides only a quarter of revenue but is in a position to make or break most publications. Proceso, for instance, has been denied state advertising since 1982, but has survived on an average weekly sale of around 85,000.

Around half these sales are regional, making Proceso "the only print media organ of a national character in Mexico," according to Mr Jorge Castaneda, one of its columnists and a senior associate at the Carnegie endowment in Washington.

"It has more credibility than any other media outlet. In a country where nobody believes anything, most people believe Proceso," he argues. "But the fact that it only sells 85,000 in a population of 85m shows how far the press in Mexico has got to go."

Mr Scherer's own long-awaited entry in this year's best sellers' list, entitled Presidents, shows how far Proceso, at least, has already come.

The book of a privileged insider who has chosen to become an outsider, it is a deliberately literal transcription of selected encounters with the last four presidents which produces a surreal vision of the office itself, with its enormous power and capacity for whim, vanity and frivolity.

Ignoring business cycle 'may mean economic rough ride'

Roderick Oram on analysts' reactions to Reagan's budget

SOME US economists are uneasy about the economic implications of elements of the budget President Ronald Reagan proposed to Congress on Monday. Markets have yet to react because the adverse effects will not be felt for some time.

Analysts' concern focuses on three main areas: the Administration's choice to ignore business cycles by making "straight line" growth and deficit reduction forecasts into the 1990s; the loss of fiscal stimulus implied by reduction of the federal government's budget deficits; and the use of asset sales as a quick fix which fails to tackle the underlying causes of deficits.

Markets paid scant attention to the budget proposals knowing that the final form has yet to be determined by months of political fighting in Congress and between Congress and the president.

Broadly speaking, though, the proposals were along traditional Reagan Administration lines although the president seems to have weakened his resistance to tax increases if they are called "revenue enhancements" or "user fees."

Administration forecasts of 3.2 per cent real growth in this fiscal year, which began last October, are considered optimistic but not incredible. Rates of 3.7 per cent in 1988 and 3.6 per cent in the following two years "ignore the business cycle," says Mr Robert Brusca, chief economist of Nikko Securities in New York.

Given economic problems such as the trade deficit, the cycle will inevitably recur, bringing a recession which will drive up the deficits as revenues shrink and spending increases, he says.

Agreeing that a downturn will come at some point, Mr Philip Braverman, chief economist of Irving Securities, thinks the US will only avoid a recession this year "by the skin of our teeth."

The odds were shortened considerably by plans to cut the budget deficit which will reduce fiscal stimulus urgently required in these sluggish times.

Thus the onus for keeping the economy moving will fall even more heavily on Federal Reserve monetary policy. Mr Braverman expects several discount rate cuts as a result.

Beyond the adverse affect of cutting deficits at this stage in the business cycle, economists are also concerned about some of the reduction methods. Asset sales are "the part of the budget I dislike the most," says Mr David Jones, chief economist of the bond dealer, Aubrey Lanston. "They are a gimmick" which lets the government postpone tackling the causes of deficits, he says.

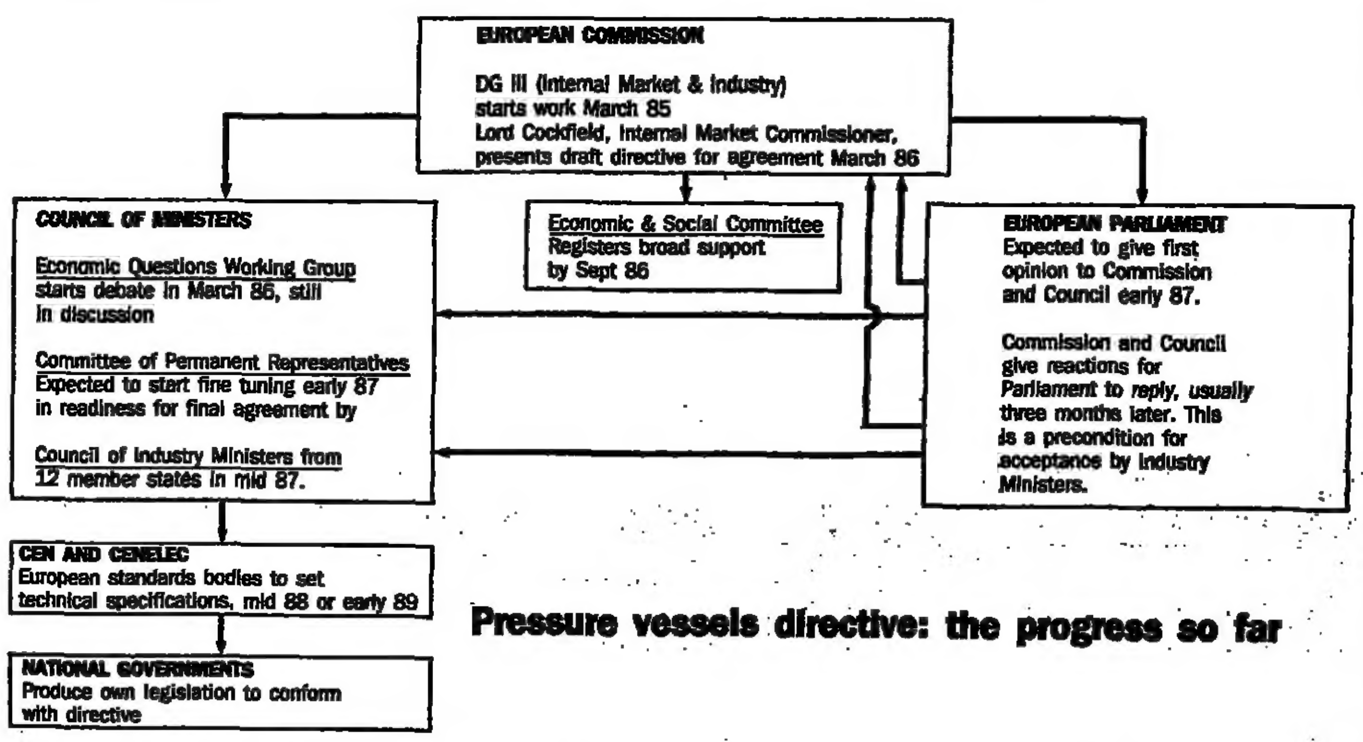
The Administration is aiming for a deficit of \$108bn (£73.14bn) in fiscal 1988

WORLD TRADE NEWS

PRESSURE VESSELS DIRECTIVE

Community cuts red tape on product standards

BY WILLIAM DAWKINS IN BRUSSELS



Pressure vessels directive: the progress so far

CONSIDER THIS: before a British truck can be sold in France, the air brakes have to be sent out to be tested by local inspectors before going back to the UK for installation.

This bizarre return trip can multiply the cost of the components involved by up to 50 times—a telling example of how a lack of agreed product standards can turn a small irritation into a major barrier to free trade in the European Community.

One reason why so many barriers like this still exist is that—at least until recently—setting industrial standards in the EEC has been nightmarishly complex. The 180 or so product standards agreed by the Community have come through a laborious process of setting out rules for the smallest detail of each product; the result being directives several hundred pages long, that are often out of date by the time of their completion.

Thanks to an accord in 1985 between member states, all that should now change. Under the new approach, the EEC now aims to produce simpler standards dealing with families of products, stipulating that goods can be sold freely throughout the Community so long as they can be shown to be safe.

However, the progress on drawing up new style standards for pressure vessels the first products to receive this treatment, shows that putting good sense into practice in the EEC can be even harder than selling British trucks to Frenchmen. Pressure vessels include air brake cylinders, compressor chambers and gas bottles.

The directive, which emerged from the European Commission shortly after the new approach was agreed in May last year, has now reached the most crucial stage in its progress through the Brussels bureaucracy.

After optimistic claims earlier this year by Mr Alan Clark, the British Trade Minister and chairman of the Community's Internal Market Council, that it would be ready for legislation by Christmas, the directive is only just beginning to get clear of a lengthy debate between national officials over how much detail is should contain.

Commission officials now believe that the pressure vessels standard could be ready for agreement by next July, after which the two Community standards bodies, CEN and GENELEC, will spend another 18 months or more producing technical specifications. In the interim, the new approach envisages that member states will recognise each other's standards, a clause which has evoked some anxieties from West Germany and France.

But even after the delays, progress is much better than was the case with the most recent in a long line of pressure vessels proposals. That was bogged down in technical debate for five years before being scrapped and relaunched under the new approach.

"We never expected the first one to be easy. It will prove that the new system will work in practice—and after that the ride should be much smoother," says a senior Commission official responsible for the internal market.

The fact that various Commission proposals for harmonising pressure vessel standards have failed to get anywhere since 1968 made this seemingly obscure product an ideal test vehicle for the new approach.

The main problem has been the adjustment required from national officials to shift from the old style of debating technical detail to the broader remit of negotiating over performance standards: in short getting them to accept the heart of the new approach.

"People used to technical directives have found it hard to adjust," admits one national representative.

Once out of the hands of its creators at the Commission, the directive then passed last March to the first stage of debate by member states, the internal market council's economic questions working group. The job of the 12 national officials in this group is to agree on a mass of legal detail before handing the document for fine tuning to a more senior group, which will then present it for final agreement by EEC Industry Ministers.

The pressure vessels directive is still at the first stage. The working group has been struggling to find common ground on how far the eight page draft should go in setting out its "essential requirements," the performance and safety standards which pressure vessels should meet.

France and West Germany have argued during a series of monthly meetings since early 1986 for the inclusion of a certain amount of technical indication of how those requirements should be met, a position which reflects the strength of their domestic pressure vessel makers.

By October, "we felt that we could have spent years arguing about the shape of the directive, never mind its contents," said one working group member. It was at that point that the British and Dutch representatives felt the process had gone too far and that they were sliding back towards the old approach.

At the UK's insistence, the working group returned to square one, to debate with the Commission again how to implement the basic philosophy of the new approach—and concluded that the Commission had after all got it right. The only question now is how long they will take to agree on a shortened version to pass on to senior officials in readiness for final agreement.

Meanwhile, their progress is being watched anxiously by manufacturers, whose lives are being increasingly complicated by the proliferation of overlapping national standards. "The problems of this directive will almost certainly be the problems of the others," says Mr Richard Griffiths, general secretary of Pneurop, the European compressor makers' association. "It could mean a major change of philosophy not just for us, but for everybody."

EEC cities compete for trade mark office

By Tim Dickson in Brussels

A POLITICAL battle is being fought in Brussels on the question of where to site the European Community's proposed Trade Mark Office.

The decision is of relatively minor economic importance — perhaps a couple of hundred jobs will be involved —but it is assuming enormous symbolic significance for the 10 member states which have put in formal bids to host the Community's first new institution in at least five years.

Only Denmark and Portugal have opted out of the race.

The pressure is on the European Commission to decide on the new headquarters since the Internal Market Council is expected to agree a single procedure and common European law for trade marks by the end of this year or early in 1988.

Several outstanding technical issues have yet to be resolved but, as one EEC official puts it, "member states are about to go into the final stage."

It is understood that the front runners are London, Munich, The Hague and Madrid, with Strasbourg a less fancied outsider as it is a ready the main home of the European Parliament.

Brussels and Luxembourg also have their fill of existing Community institutions while Ireland and Greece have, in effect, been ruled out because of their geographical position on the periphery of Europe.

The Hague and Munich are already major centres for intellectual property—a possible advantage, some suggest —while London and Madrid so far have no EEC institutions.

The idea of an EEC Trade Mark Office was first proposed in 1980 and met a largely unenthusiastic response.

The original plans, however, have been greatly modified and opinion now appears to have swung behind the initiative.

At the same time the aim is to harmonise national trade mark law, which will continue to exist, giving companies a choice between that and the new European alternative.

Member states, meanwhile, have been working towards the ultimate goal of a single European patent.

Helsinki and Moscow sign trade agreement

By Olli Virtanen in Helsinki

TRADE BETWEEN Finland and the Soviet Union will amount to FM 27bn-32bn (\$5.6bn-6.7bn) in 1987 according to a protocol signed in Helsinki yesterday. Last year trade between the two countries totalled FM 29bn, down by FM 8bn from the planned level.

Finland and the Soviet Union have a long-term agreement under which trade must balance in value.

The total for 1987, however, will depend on the oil price.

Soviet officials also placed several orders with Finnish companies including one for 11 arctic tankers from Wartsila worth FM 900m and another for eight cargo ships from Rauma Repola worth FM 250m. The two Finnish yards have agreed to subcontract up to 15 per cent of the total to Soviet companies, instead of the usual 5 per cent.

The trade protocol, signed by Mr Jermu Laine, the Finnish Foreign Trade Minister, Mr Boris Aristov, his Soviet counterpart, for the first time includes upper and lower limits for each product category. If oil prices rise, thus increasing the value of imports from the Soviet Union, Moscow has pledged to buy more goods to trade within the agreed limits.

Finland's metal and forest industry exports will at least remain on the same level as last year. Exports of agricultural products will decline the most.

Mr Laine is confident that the overall value of trade will not be below that of 1986. Only a few months ago Finnish officials were predicting that trade would fall by up to 40 per cent.

● Finnair yesterday signed a joint venture agreement with Intourist, the Soviet tourist authority. The Finnish airline will renovate Hotel Berlin in Moscow and own 49 per cent of it, with Intourist controlling 51 per cent. This is the first such joint venture between Finnish and Soviet partners.

Reuter adds from Helsinki: Rauma-Repola said it had won orders worth FM 300m for deliveries of paper machinery and equipment to factories in Hungary and the Soviet Union.

It said the machinery for Hungary was for a cement flake board plant. It will also deliver machinery for four particle board overlaying plants and one paper converting mill in the Soviet Union.

Taiwan surplus rises by 50%

TAIWAN'S trade surplus *jumped 50 per cent to a record \$15.62 last year, Reuter reports from Taipei.*

Foreign trade volume reached a new high at the end of 1986 soaring to \$63.96bn, against \$50.82bn at the end of 1985.

Mr Augustine Wu, deputy director of the Board of Foreign Trade, said the trade outlook was optimistic for the first half of 1987

Mr Wu said any US protectionist bills were not likely to bite into Taiwan's exports until later this year.

Chinese hotel contract

BY STEVEN B. BUTLER IN SINGAPORE

A Singapore consortium has won a hotel construction contract in China, giving further impetus to the island-state's goal of serving as a gateway to the People's Republic.

Mainland Investors of Singapore said yesterday it had been awarded a S\$94m contract to build a 30-story luxury hotel on Nanjing Road in Shanghai.

The group is a consortium of five Singapore companies, including Hoe Huat Construction and Engineering, Low Keng Huat Construction, L & M Prestressing, Metrobuilt, and Ong Chwee Kow.

The consortium has already won a bid to refurbish a hotel in Canton, and is preparing to bid for an office and apartment complex in Peking.

The Shanghai hotel will be the Jin Jiang Mandarin, which will be managed by the Mandarin chain. It is owned by a consortium of Chinese companies, including the the Shanghai Jin Jiang Holding Corporation.

Dutch-Japan disc venture set up

BY YOKO SHIBATA IN TOKYO

TOPPAN PRINTING of Japan and Philips of the Netherlands have set up a joint studio service company in Tokyo for a new compact disc system. The CD-I (compact disc interactive system) whose standard was announced by Philips and Sony last March, is capable of recording not only sound, but illustrations, and other computer data.

It will allow interaction between sound, text and pictures and is set to have a significant impact on the electronic publishing industry.

The new joint venture Denshi Media Service is capitalised at Y100m (\$629,000) and is equally owned by Toppan and Philips.

From this April, the joint venture will provide information suppliers with studio facilities and data-processing knowhow for creating software on CD-I systems.

Laura Raun adds from Amsterdam: Philips' agreement with Toppan Printing is part of a concerted, global effort to promote software for the interactive compact disc system before its introduction this year. Experience has shown that consumers want enough software available to make a compact disc player worth buying so Philips is pushing the publishing industry heavily to invest in optical technology.

In October the Dutch electronics giant, which pioneered the compact disc technology, reached a similar agreement with the R. R. Donnelley printing company of the US to provide optical production services

UK NEWS

Labour pledges to put emphasis on investment

BY PETER RIDDELL, POLITICAL EDITOR

AN INCOMING Labour government would have to concentrate available resources on investment rather than consumption because of the impending balance of payments and sterling crisis, Mr Roy Hattersley, the shadow Chancellor of the Exchequer, yesterday told the party's shadow Cabinet meeting at the start of a two-day strategy session.

As part of Labour's attempt to switch the political debate onto the economic outlook, Mr Hattersley said there was now a race between an economic crisis and the general election. He suggested that the deterioration in the economy made it likely that "the Government will cut and run in May or June" and hold an election then.

He warned in a paper for the shadow Cabinet that if a collapse could be postponed until an election, remedial action would then be immediately necessary in an emergency budget involving higher interest rates and further cuts in public expenditure and services.

Mr Hattersley also warned his shadow Cabinet colleagues of the problems they would face on taking office. A Labour government, he said, "will concentrate available resources on investment rather than consumption, take direct action to increase manufacturing output and exports, and create a macro-economic climate – interest rates, exchange rates and inflation levels – which is conducive to the success of our export industries."

He later told reporters that Labour would use any available money for investment in the infrastructure and manufacturing and would resist tax cuts in the budget. He said that whenever Labour took office it would introduce a budget to deal with this crisis and to implement its proposals to help pensioners, the long-term unemployed and those receiving child benefit, being paid for by higher taxes on the richest 5 per cent.

Mr Hattersley said that his calculations were based on the present level of taxes before the coming budget, and while he would have to assess the situation of taking office, his aim would be more or less to maintain the average tax bill at the present level.

His paper is part of an attempt to lower expectations and to prevent party spokesmen from making promises which cannot be fulfilled.

Mr Hattersley's analysis and opening remarks by Mr Neil Kinock, the party leader, warning of "an even worse economic shambles" to come are intended to put the government on the defensive in what Labour sees as its most sensitive area of the balance of payments and sterling, while shifting attention away from defence policy.

Mr Kinnock said that the economy was the central election issue and claimed that Labour would beat the Tories "out of sight."

Sterling 'offers opportunity for jobs'

By Joan Gray

BRITAIN was facing an exceptional opportunity to create new jobs by increasing exports and reducing imports according to a paper from the National Economic Development Office (Nedo) published yesterday.

This new chance had come about as a result of the fall in the exchange rate of sterling, which had made Britain more competitive.

Unlike earlier falls – such as the 1967 devaluation, where the benefits were wiped out by inflation – this was likely to be a permanent benefit and offer a real chance to reverse the steady decline in Britain's exports, Mr John Cassels, Nedo director general, said.

"There is good cause for industry making a special effort in the period ahead, as the vital thing about this change in the value of sterling is that its benefits will not be wiped out by inflation as it is coupled to a fall in the oil price," he said.

"It should make possible an improvement in exports of between 10 and 20 per cent. The window of opportunity is wide open." The UK's share of world exports has been cut by half over the last 25 years, from 16 per cent of the total world market for manufactured goods in 1962 to its present share of between 7 and 8 per cent.

The value of the pound has decreased by 18 per cent compared to both the D-Mark and the yen over the last year. Nedo said Britain's relative unit labour costs in manufacturing were now lower in relation to West Germany's than they had been in all but six of the last 20 years. They were 20 per cent lower than a year ago, "and there has been a similar improvement in Britain's competitiveness in relation to Japan."

"Britain, therefore has an exceptional opportunity to increase its share of both world and European trade," says the report. "Forty per cent of our exports of manufactures now go to the EEC and 53 per cent of our imports come from the EEC, so Britain's competitiveness in relationship to the EEC currencies is of especial importance."

Curious trail left by Guinness shares raises more questions

David Lascelles reports on the picture revealed by a £7.6m transaction involving Morgan Grenfell and Henry Ansbacher

DID Guinness really make a deposit of £7,614,682.10 with merchant bankers, Henry Ansbacher? If so, what was this unusually precise sum for, and why was it placed on an interest-free basis?

These have become the key questions in the Guinness share-dealing controversy where more facts are emerging almost daily but where the overall picture is, if anything, becoming increasingly murky, with everyone disclaiming ownership of a hot parcel of 2.1m Guinness shares, and the dividends to which these are entitled.

As yet, there is no answer to them. However, a close examination of documents in the affair and the sequence of events point to actions by Guinness and Morgan Grenfell, its merchant bank advisers, which are at best extremely strange if not actually questionable within Section 151 of the Companies Act.

This prohibits companies from buying their own shares other than in regulated circumstances, or from offering inducements to others to buy them.

None of these actions have been adequately explained in the sparse comments made by both companies so far, which say they are co-operating with an investigation launched by the Department of Trade and Industry (DTI).

More than nine months have passed since the affair began with a request from Mr Roger Seelig, Morgan's corporate finance director, for Ansbacher's help in Guinness' £2.5bn battle for control of Distillers. Mr Seelig has now resigned and will not comment.

But Ansbacher's version is that he offered verbally to Lord Spens, its corporate finance director, to indemnify costs and any losses on up to £10m of purchases of Guinness shares made by Ansbacher clients. This would have the effect of bolstering Guinness's share price at a crucial moment in the bid, which was to be part financed by Guinness paper.

In the event, two of Ansbacher's clients, one an institution and one a private individual, bought 2.1m shares at around 350p each. After Guinness won its bid on April 18, Ansbacher bought the shares back at the same price (even although Guinness was by then trading closer to 300p) and sent a bill for £7,614,682.10 to Morgan on May 6.

This included the cost of buying back the shares, the brokerage commission, the stock exchange levy and the cost of carrying the shares for 15 days, which was calculated at the London interbank rate for short-term money (Libor) plus half a per cent.

Shortly afterwards, a money transfer arrived at Ansbacher via NatWest for exactly that amount, but the remitter was named as Guinness, and Guinness solicitors later said it was planned as a short-term deposit by Mr Olivier Roux, the company's finance director.

Further evidence suggesting that the shares were being bought by Morgan or Guinness came two days later when Ansbacher sent another bill to Morgan for £25,946 for additional stamp duty; this was paid with a Morgan cheque in early June.

The most curious aspect of the affair now follows. Morgan contacted Ansbacher and dictated to it the wording of a letter that it should send to Guinness. This letter acknowledged receipt of the £7.6m as an interest free deposit until May 19.

However the letter also told Guinness that the 2.1m shares were being held in Down Nominees, an Ansbacher subsidiary, "on your account." This is contradictory, since the money could not simultaneously have been used as a deposit and in payment for Guinness shares.

More curious still, Ansbacher agreed to send the letter despite the contradiction and the fact that it had already used the money to pay for the shares, and certainly had not booked it as a deposit.

The situation was compounded on May 19 when Morgan dictated to Ansbacher the text of a second letter to Guinness informing it that the deposit was being rolled over to June 19. This was also sent.

Ansbacher has since acknowledged that this was "incompetence" and Mr Richard Fenhalls, the chief executive, has been to the Bank of England to explain what happened and promise to clear the matter up.

But what has been the status of the "deposit" since June? Guinness says it instructed Morgan to tell Ansbacher to roll it over every month by telephone. But Ansbacher denies that it ever received such an instruction.

On August 17, Down Nominees received a £48,000 dividend cheque for its Guinness shares. Acting on Morgan's instructions, Ansbacher sent a cheque to Morgan, who cashed it, apparently acknowledging their right to the money.

Three weeks later, Morgan again asserted their rights over the shares when Mr Seeling told Down Nominees how to vote them in the September 12 Guinness shareholders meeting, where Mr Ernest Saunders, the chief executive, won support for his controversial plans to restructure the company's management.

By November, Ansbacher was becoming increasingly uneasy about the status of the shares, and it sought to formalise the indemnity agreement with Morgan by drafting a letter for Morgan to sign. According to Ansbacher, Mr Seelig promised to take the shares off Down Nominees by the end of the year, or failing that, to sign the letter.

But on December 1, the DTI announced an inquiry into Guinness following the startling revelations about its involvement with Mr Ivan Boesky, the disgraced US arbitrageur, and the affair acquired a new momentum.

Mr George Law, Morgan's compliance officer, sent a cheque for £48,000 back to Ansbacher, saying the dividend had been forwarded to his bank in error, four months earlier. And Mr Fenhalls wrote to Mr Saunders informing him that Ansbacher's two letters of May and June, acknowledging the deposit, were based on "a mistake of fact."

Mr Seelig's resignation from Morgan, and Morgan's own resignation as Guinness advisers, brought matters to a head in the closing week of last year. The precise reason for Mr Seeling's departure has not been given, although Morgan has said it is connected with the Guinness matter, which suggests that in Morgan's view he overstepped the mark.

Morgan's own resignation points to a major clash with Guinness over the facts of the case. Whereas Morgan's actions consistently suggest that the Guinness shares had effectively been bought from Ansbacher (the payment of the additional royalty, its initial acceptance of the dividend cheque, the instructions on voting the shares etc), Guinness says that the £7.6m was only a deposit, and was not intended to pay for the shares. It claims Morgan exceeded its authority.

Guinness now therefore wants its money back, and is threatening to sue Ansbacher if the deposit is not returned on January 20. Since Ansbacher is refusing to return it on the grounds that it was spent on the share purchases, the case will most likely go to the courts and might even get a judicial airing before the DTI inspectors report back.

What Guinness will not say is why the money equalled – down to the last 10 pence – the amount claimed by Ansbacher after it bought the Guinness shares. This unusual coincidence begs the question whether the money was intended as payment for the shares.

Nor will Guinness say why the deposit was placed interest-free, a most unusual practice. In the eight months since it was transferred, the deposit should have earned £800,000, equivalent to about 1 per cent of Guinness' pretax profits last year.

What has emerged so far is certainly not the end of the story. Many details remain to be explained and the Ansbacher angle may not be the only one. Some people are suggesting that it is only a small part of a much bigger story which has yet to be told.

● The Prime Minister herself should make a full statement on the Guinness affair to the House of Commons next week after the Christmas recess, Mr David Steel, the Liberal leader, urged yesterday, Peter Riddell writes.

In a further illustration of the increased political interest in City issues, Mr Steel said that Mrs Thatcher should indicate when the official inspectors are likely to report on Guinness and what resources are being applied to the pursuit of reports of insider trading and civil service involvement. He said she should also explain what lessons she had drawn for the operation of the Securities and Investments Board and the future of self-regulation.

Rover Group car market share dips to lowest for 35 years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE STATE-OWNED Rover Group's share of the UK new car market last year fell to under 16 per cent and the lowest level since Austin and Morris merged to form the British Motor Corporation in 1952.

General Motors, the Vauxhall-Opel group, also suffered a setback and its share fell for the first time in six years. Meanwhile, Ford, celebrating 10 consecutive years of UK market leadership, increased its share for the first time since 1982.

The Society of Motor Manufacturers and Traders (SMMT) yesterday confirmed that the UK last year recorded its highest annual new car sales. Registrations totalled 1.882m or 2.75 per cent more than the previous peak reached in 1985.

For the first time since the 1950s the share of the market captured by imports dropped, from 58.1 per cent to 55.97 per cent, because the major importers Ford and GM supplied more cars from their UK factories.

Ford lifted its UK-produced car sales from 271,524 in 1985 to 330,847 last year, representing an improvement from 55.9 per cent to 64.2 per cent of the company's total registrations.

GM, meanwhile, increased the UK content of total sales from 44.4 per cent (134,764 cars) to 56.2 per cent (159,794).

However, Japanese car sales reached a record 208,838 last year, up from 197,976, and the Japanese share increased from 10.81 per cent to 11.09 per cent.

This is slightly above the level to be expected under the terms of the unofficial agreement which restricts Japanese car sales in the UK but not enough to cause concern in the British industry.

Austin Rover, the Rover Group's car subsidiary, said yesterday "Obviously we are disappointed with the result". It pointed out, however, that the company had its best December result for three years – but would not go so far as to say that this suggested the corner had been turned.

The company was dogged by continuous bad publicity during 1986 starting with parliamentary criticism at the start of the year and then a change in senior management which drew more attention to Austin Rover's relatively poor performance.

Austin Rover's fundamental difficulty is that its model range has not lived up to expectation, particularly the Montego, its contender in the company car fleet sector which was predicted to take 6 per cent of total UK car sales but last year achieved only 3.3 per cent.

GM's slide last year is also attributed to problems with its model range. It is well known among professional fleet buyers that the group's bestseller, the Vauxhall Cavalier, is to be replaced next year

Cavalier registrations fell by 15 per cent from 34,335 to 113,861 last year while its major rival, the Ford Sierra, gained 12 per cent from 101,642 to 113,861.

MAN seeks to double truck market share

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE 25 per cent rise in the value of the D-Mark against the pound in the past year will not hold back plans by MAN, West Germany's second largest heavy truck producer, to double its market share in the UK to 6 per cent by 1990.

Mr Richard Ide, a director of the Lonrho-owned import company, MAN Volkswagen UK, said yesterday that, despite the currency problems, annual sales of MAN heavy trucks in the UK, the German group's best export market, would reach 2,000 for the first time this year, up from 1,798 in 1986, and reach more than 3,000 by 1990.

"Short of a major economic upset, we do not expect large market fluctuations, so our growth has to continue to be at the expense of our competitors", he added.

Mr Ide claimed the integration of MAN into the Audi Volkswagen organisation since Lonrho took over responsibility for importing the trucks in March 1982 "has been more successful than any of us dreamed it could be".

With annual sales of more than 12,000 vehicles, ranging from Polo vans to off-highway dump trucks, the business had scale by anyone's standards and the organisation was profitable.

The dealer network – 100 commercial vehicle dealers including 23 heavy truck specialists – had now achieved both the stability and the profitability it once lacked.

Mr Ide was speaking during a ceremony at which it was revealed MAN's new F90 truck range had been awarded the International Truck of the Year trophy.

MAN invested DM 250m (£23.3m) in the F90 trucks which have completely new cabs, chassis and suspension systems. A panel of 13 European truck journalists gave the F90 clear first place with 61 votes, well ahead of the Mercedes 19.44 trucks with 26 votes.

Mr Ide said MAN had been unwilling to take any chances with the reliability of the F90 range and was spreading the introduction of the new models over several years.

The first F90s would not be on sale in the UK until March, with further introductions in September, so sales would be a modest 175 this year. When all the heavy versions were available in 1988, sales were expected to reach 700.

Ferranti joins bidding for Royal Ordnance

BY LYNTON McLAIN

FERRANTI, the Manchester-based electronics company, emerged yesterday as a surprise prospective bidder for Royal Ordnance, the UK state-owned arms and munitions company which the Government is trying to sell to the private sector.

Trades unions with members in RO were told by the Ministry of Defence yesterday that Ferranti was on a short list of companies that had expressed an interest in buying the whole of the state munitions company, which had net assets of £216m ($302m) a year ago.

The Transport and General Workers Union yesterday sent letters to its members in the Royal Ordnance factories saying that potential buyers of RO would soon be visiting the factories gathering further information about the company and its problems and prospects.

The other companies on the list, as expected, are British Aerospace, GKN, the metals group and the Trafalgar House conglomerate. The ministry was expected to have made a formal announcement about the short list of prospective buyers yesterday after formally telling the unions, but it declined to do so after one of the four companies wanted a mini mum of publicity.

Ferranti said yesterday: "We do not formally confirm our interest in buying Royal Ordnance, but we are not prepared to discuss the extent of this interest."

The company did say, however, that a purchase of Royal Ordnance would represent "one of the biggest acquisitions by Ferranti in recent years."

Just over 30 per cent of Ferranti's £595.8m turnover last year was accounted for by its work on defence systems.

Some 45.7 per cent of the company's operating profit of £47.6m came from defence work.

Ferranti is involved in the design and manufacture of specialised defence electronic equipment for the Royal Navy, including sonar equipment, and is a sub-contractor to Hunting Engineering for the Royal Air Force's runway cratering bomb, JP233, a project which also involves Royal Ordnance.

Sir Derek Alun-Jones, the managing director of Ferranti was knighted in the New Year Honours list. He is also a director of GKN, which is interested in buying the whole of RO.

Gilt-edged stock offer receives a cool reception

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE BANK of England's tender offer of £1bn of new gilt-edged stock drew a lukewarm reception in the market yesterday, with only a small proportion of the issue taken by primary dealers and investors.

Most of the issue, of 10 per cent Treasury loan 1994, was left in the hands of the Bank of England to be operated as a tap stock. Market estimates suggested that only around £200m or perhaps less was sold at the minimum tender price of £98 per £100 of stock.

The tender offer was announced last Friday when a strong performance by the pound on foreign exchanges was encouraging a sharp rally in the gilt-edged market. Since then, however, the pound has fallen back, generating renewed doubts over the prospects for any fall in interest rates.

Mr Glenn Davies, the gilts economist at securities house Alexanders Laing & Cruickshank, said that most of the market's primary dealers had been unwilling to take a position in the new stock until the outlook became clearer. He suggested that £200m was probably the maximum amount which the bank had sold.

At Lloyds Merchant Bank, Mr Tim Cox said that the recovery in the market last week had been exaggerated by the thin trading over the holiday period. The downward correction in prices when normal trading resumed this week had left the issue looking slightly expensive relative to other gilt-edged stocks.

The issue, which yielded 10.4 per cent at its minimum tender price, was specifically tailored to appeal to overseas investors, but dealers reported little demand from foreign clients.

Exports insurance scheme will end

By Fiona Thomson

BRITAIN'S Export Credits Guarantee Department (ECGD) said yesterday it is to withdraw one of its three loss-making insurance schemes, the comprehensive external trade (CET) facility.

Since 1945, the CET scheme has provided cover for UK exporters organising trade in foreign goods between two foreign countries.

The facility has notched up a trading deficit of £197m since its inception.

Yesterday's move is the third and final decision to be announced by ECGD following extensive, separate reviews of three loss-making facilities it operates.

CET has been available to UK manufacturers, merchants and confirming houses on credit terms up to 180 days. (A confirmer has a financial arrangement with an overseas buyer and undertakes to make payments to a separate and independent supplier. Confirming houses take no responsibility for performance under the sales contract.)

It is solely confirmers who will be affected by yesterday's move and, of the ECGD's just over 100 confirming house policyholders, only about half have current trade business. Cover for manufacturers and merchants will, in future, be available under the department's comprehensive short-term guarantee facility.

CET will be withdrawn from July 31 this year. Letters were sent to the policyholders this week. It will not come as a shock. They have known of the department's concern for some time and have been consulted directly and through trade associations.

The facility has consistently incurred deficits, most heavily since the late 1970s.

Trade unions back Pilkington against BTR's hostile bid

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

IN A remarkable display of strength and unity that smacked more of a rally than a conference, the trade unions yesterday gave unanimous support to the Pilkington Brothers in resisting the hostile takeover bid for the glass giant by the industrial conglomerate BTR.

About 100 delegates attended the conference at the company's research headquarters in Lathom, Lancashire, in the north of England. They represented the 16,500 employees at all Pilkington's UK factories, laboratories and offices and were joined by union representatives from Pilkington-Flachglas in West Germany and the two worker directors of the company's Swedish subsidiary.

Intensive, organised lobbying of MPs, ministers and major shareholders will start immediately. All-party parliamentary support is already extensive, with two Labour MPs and one Conservative addressing yesterday's conference and an SDP-Liberal Alliance representative bringing a message of support from Mr David Owen, the SDP leader.

The first stage of the lobbying will be to try to persuade the Office of Fair Trading (OFT) and Mr Paul Channon, Trade and Industry Secretary, that the bid should be referred to the Monopolies and Mergers Commission in the public interest. A decision on this is expected next week.

The second stage in the campaign will be directed at the 18 financial institutions which are Pilkington's major shareholders. Particular targets will be Prudential Assurance, which holds more than 7m shares, and Norwich Union, which has more than 2m.

Mr Ken Hind, Conservative MP for West Lancashire, told the Union delegates: "If the Prudential and Norwich stay with us, we will see off this bid. If they sell out the smaller ones will follow."

The Unions represented were the General, Municipal and Boilermakers, the Amalgamated Union of Engineering Workers and Association of Scientific, Technical and Managerial Staffs.

It was soon apparent that what was happening was conditioned by Pilkington's management style and industrial relations policies. These centre on achieving co-operation, even for rationalisation, which a stream of union speakers condemned in principle while praising the humane approach the company had adopted.

As Mr Alan Judge, chief executive of the company's insulation division explained, self-interest was at work here: Pilkington had learned that a business founded on continuous processes could not afford confrontational labour relations.

Union suspicion, if not fear, of BTR and its reputation for imposing cuts was also obvious. The future of Pilkington's research and development programmes and laboratories was seen as being at stake, despite their role in building the company's world lead in glassmaking technology.

Mrs Marie Rimmer, leader of the Labour-controlled St Helens Council, stressed the importance of Pilkington having its headquarters in the town, particularly for the effect on the whole north-west, where thousands of smaller companies benefit from the company's "buy local" policies on supplies.

Today she will lead a council delegation to the City of London to put the case to stay with Pilkington to major shareholders.

Meanwhile, the bid remains in limbo, with the takeover timetable clock stopped to give the OFT longer to make its recommendation on referral. If it is allowed to re-start, Pilkington and St Helens will await BTR's improved offer with bated breath, although there seems a growing confidence in the Pilkington management that it will win in the end.

Lords urge raising of national research effort to Cabinet level

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CENTRAL weakness of Britain's £8bn, annual research and development (R&D) effort is that it is fragmented and unco-ordinated, says a House of Lords select committee, in a report published today.

It identifies flagging morale among British scientists and a low level of public interest generally in R&D which it says is particularly marked in the City of London.

Companies are urged to disclose their investment to "encourage financial interests to take R&D strength much more into account when weighing a company's future prospects."

They say that a Cabinet minister should take responsibility for the national R&D effort and a central body should co-ordinate the programme. The report adds that a new avenue is needed for publicly funding research in addition to the present mechanisms.

The new route would finance strategic research, which was "the first thing to go when things get tight," said Lord Sherfield, chairman of the committee on science and technology.

Strategic research is defined as research undertaken with eventual practical applications in mind even when they cannot be clearly specified.

It has been identified as a distinct category of research only in the 1980s but is funded mainly as basic or "pure" research, undertaken with no specific application in mind.

Basic research is currently funded by government through a dual-support system, involving both the science budget of the Department of Education and Science and the University Grants Committee. The peers urge a third route "for funding that strategic research which is of most significance to the United Kingdom's economic future."

But they also see the research councils and government departments, as proxy customers in non-commercial fields, retaining responsibility for some strategic research.

They are critical of the research community's own efforts to evaluate the performance of research, finding its approach "less scientific than the science and technology it is designed to assess."

They want about 1 per cent of all Government R&D funds to be spent on evaluation, which they say "must be approached as a discipline not as a threat."

Civil Research and Development. Report of the Select Committee on Science and Technology. Volume I. HMSO. £6.

Traded options market surges to record

By Alexander Nicoll

VOLUME on the London Stock Exchange's traded options market surged to a record 5.36m contracts last year, 140 per cent up on the 1985 total of 2.23m, which itself was double the number dealt in 1984.

The options market has taken off over the past two years as part of the worldwide trend towards use of risk management instruments such as futures and options, and following the privatisation of British Telecom, Trustee Savings Bank and British Gas.

Further growth is expected this year partly because equity market makers – whose numbers were drastically expanded by last October's Big Bang deregulatory reforms – are keen to trade options, either to protect their positions in the underlying shares or as additional trading vehicles.

Last year saw successive daily volume records, reaching a peak on December 8, the first day of trading in British Gas shares and options.

Stock exchange seeks end of share deal tax

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE STOCK exchange has called for the abolition of stamp duty on share transactions and wants the Government to consider further reductions in the top rates of income tax.

In a letter to Mr Nigel Lawson, the Chancellor of the Exchequer, the stock exchange says that the abolition of stamp duty should be a priority in his spring budget. The removal of the duty, which would not have a serious impact on Government revenues, would improve the liquidity, international competitiveness and effectiveness of the British securities market.

Mr Lawson halved stamp duty in his last budget but at the same time introduced an ADR tax to minimise avoidance of the tax through trading in British shares on overseas markets. If the Chancellor is unable to abolish stamp duty completely he should reduce the ADR tax to a level which does not penalise companies seeking access to overseas markets, the stock exchange says.

Its recommendations, sent to the Chancellor by Mr Graham Ross Russell, the exchange's deputy chairman, also include a number of technical changes which it says would further encourage wider share ownership. The suggested changes include improvements to Personal Equity Plans and further measures to encourage profit sharing schemes.

Referring to the recent move by the US administration to lower its top rates of income tax, the stock exchange says that high marginal rates of tax in Britain will ultimately undermine London's effectiveness as a financial centre.

It acknowledges that that Government has already reduced the top rates of tax, which has encouraged highly mobile international staff to locate in London, but adds: "A close watch must be kept on rates in other countries... to ensure that we do not fall significantly out of step with international trends."

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
2nd qtr.	109.1	104.5	109	114.9	141.4	3,174	161.7
3rd qtr.	108.3	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	105	116.7	177.7	3,122	168.2
1986							
1st qtr.	109.4	102.8	105	118.2	145.4	3,171	166.5
2nd qtr.	108.9	103.5	96	120.6	152.7	3,208	175.6
3rd qtr.	110.5	104.6		122.1	157.4	3,212	200.2
April	110.8	104.1	94	119.3	152.1	3,200	170.2
May	108.5	103.1	101	118.5	149.8	3,205	172.1
June	107.6	103.4	99	121.7	155.4	3,220	184.4
July	109.9	104.5	102	120.9	158.2	3,223	193.2
August	110.6	104.1	104	122.0	155.2	3,219	201.1
September	110.9	105.3		123.2	158.7	3,193	206.4
October	110.0	105.6		123.2	164.7	3,166	212.8
November				126.1		3,146	215.2

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
2nd qtr.	103.3	105.2	113.8	105.7	117.7	102.0	18.2
3rd qtr.	104.3	102.5	113.1	103.6	116.2	103.2	17.3
4th qtr.	103.7	102.7	113.5	103.2	114.0	102.4	15.6
1986							
1st qtr.	103.1	102.5	115.5	102.1	111.3	103.1	14.2
2nd qtr.	104.2	100.5	114.9	102.0	110.9	102.3	19.3
3rd qtr.	105.1	101.8	117.0	103.5	107.7	102.4	19.0
April	104.9	101.1	117.9	103.0	108.0	104.0	18.7
May	103.8	100.4	114.2	102.0	111.0	100.0	19.2
June	104.2	100.0	112.7	101.0	113.9	102.0	21.5
July	104.8	101.7	116.1	103.0	108.0	100.0	20.8
August	104.8	101.5	117.6	103.0	106.0	104.0	16.6
September	105.7	102.3	117.3	105.0	109.0	103.0	19.7
October	105.3	103.3	115.0	105.0	111.0	102.0	19.5

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
2nd qtr.	120.5	124.8	−124	+1,587	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−440	+1,445	+1,900	100.2	14.18
4th qtr.	118.9	127.9	−282	+604	+1,893	101.6	15.54
1986							
1st qtr.	116.9	125.7	−1,437	+549	+1,929	101.0	18.75
2nd qtr.	121.8	128.6	−1,579	+275	+750	102.5	19.29
3rd qtr.	123.2	139.1	−3,034	−781	+688	103.3	22.43
May	121.1	131.6	−681	−63	+215	102.1	19.17
June	121.6	130.5	−630	−12	+267	103.7	19.29
July	126.3	134.9	−636	+115	+240	103.3	19.08
August	117.0	142.9	−1,514	−763	+180	104.0	18.93
September	128.5	139.5	−885	−134	+268	102.5	22.43
October	125.3	140.6	−835	−35	+184	102.2	21.99
November	131.5	146.8	−1,032	−232	+334	101.3	22.01
December							21.92

FINANCIAL—Money supply M0, M1 and sterling M3, (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
3rd qtr.	2.6	20.5	15.5	+4,625	1,771	3,374	11.50
4th qtr.	2.9	17.0	12.9	+5,378	2,299	3,431	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,283	2,220	7,385	11.50
2nd qtr.	3.1	26.0	27.4	+6,489	1,433	7,658	10.00
3rd qtr.	5.9	30.7	15.6	+6,801	168	8,304	10.00
April	1.2	22.2	25.3	+1,458	756	2,743	11.50
May	4.3	27.1	35.8	+2,617	500	2,372	10.00
June	3.9	28.5	21.6	+3,014	177	2,543	10.00
July	5.4	34.4	20.8	+3,267	387	2,719	10.00
August	5.7	22.4	8.4	+2,703	452	2,678	10.00
September	6.6	34.6	17.9	+831	−671	2,907	10.00
October	6.3	18.7	14.4	+3,521	1,951	2,796	11.00
November	6.4	27.7	18.6	+3,896	160		11.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity, index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
3rd qtr.	174.4	133.1	140.2	376.3	335.5	1,706	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.4	143.4	380.8	343.3	1,813	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,453	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,488	71.9
April	184.0	126.9	145.4	385.3	347.4	1,786	76.2
May	182.3	126.4	145.9	386.0	349.8	1,763	76.1
June	185.7	124.2	145.8	385.8	351.4	1,453	75.9
July	187.9	119.8	145.9	384.7	347.4	1,460	74.0
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.8	348.3	1,544	70.4
October	188.4	124.2	147.0	388.4	347.8	1,600	67.8
November		127.0	147.3	391.7	347.5	1,617	68.5

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit

Jobs check underlines north-south divide

BY HAZEL DUFFY AND CHARLES LEADBEATER

THE REGIONAL disparity in employment opportunities was quantified yesterday in the publication by the Department of Employment of the 1984 Census of Employment.*

It showed that East Anglia, with the smallest employment base in Great Britain, and the south west, were the only regions where the number of employees in work increased between 1981 and 1984.

The decreases were most severe in the north west, with the loss of 158,000 jobs, followed by Scotland (down 80,000). Wales, the north, Yorkshire and Humberside, and the west Midlands, all lost between 50,000 and 70,000 jobs.

These statistics join a host of others, broken down regionally which confirm not only the gap between the north and south in prosperity, but also that the gap in some areas is growing.

A study of GDP per head illustrates what has happened. In 1979, when the Conservatives came to power, the south east accounted for 115.3 per cent of the average for the UK. By 1983, this was 121.5 per cent. Meanwhile, the north west had gone from 96.6 per cent to 94.1 per cent, and Yorkshire and Humberside from 93.4 per cent to 91.4 per cent.

It is not always enough to look at the bald statistics. The percentage of unemployed, for instance, has risen in the south east over the past four years, from 7.7 per cent to between 8.5 and 9 per cent in 1986. Long-term unemployment, however, is much more pronounced in the more deprived regions.

Pay in the regions reflects variations, even if not as marked as the Chancellor of the Exchequer, would like, as does expenditure. Average spending per person in the south east on commodities and services, according to the Family Expenditure Survey, was £65.40 a week, in 1983-84. That compared with £55.50 for the UK as a whole, £48.40 for Wales, and £47.80 in the north.

The main purpose of the census is to provide benchmark figures – national and regional – on which the monthly and quarterly samples can be refined, both before and since September 1984.

The results come up with some interesting revisions. They show, for instance, that the number of employees in employment (excluding self-employed) fell by an extra 32,000 between 1981 and 1984 than had been estimated from short-term estimates.

The total employed labour force has fallen by 745,000 in the country as a whole, since 1979 (employed and self-employed). This was made up of a fall in employee jobs of nerly 1.6m, mitigated by an increase in self-employed of more than 800,000.

Regions which benefited most from the rise in self-employed have been the south east, East Anglia, the south west, and to a much smaller extent, the east Midlands. Taking the years 1983 to 1986 on their own – which is more to the Government's liking, all regions with the exception of Wales have seen an increase in employment thanks to the self-employed factor, and the increase in service jobs.

These figures reflect the fact that the decline in manufacturing jobs – now put at 323,000 for the last three years against the previously estimated 211,000 – has, of course, hit those regions where manufacturing is most concentrated.

Revisions stemming from the census also throw up other interesting facts. The number of part-time female employees, for instance, is now estimated to have increased by 299,000 between 1983 and 1986 compared with a previous estimated increase of 642,000. Full-time female employment, on the other hand, is shown to have gone up by 320,000 where previously it was assumed to have fallen by 34,000.

It is necessary to look at more detailed statistics than are available in the Department of Employment Gazette in order to glean a picture of the underlying problems of imbalance, in the regions.

The 1981 Population Census, for example, ranked the regions, in terms of assisted area status where appropriate, showing the percentage of low-skilled in the economically active population.

The range was from 20.8 per cent in the London area to 29.6 per cent in a sub-region of the north west. Statistics such as these prompted Dr Ron Martin, a Cambridge academic, in a recently published essay** to comment: "Not only do the peripheral and depressed industrial regions appear to have a low potential for new-firm foundation and science-based activity, they lack the cumulative concentration of qualified manpower, reseach and development functions, conducive market conditions, and financial and infrastructural advantages, that seems to increasingly characterise what has been termed Britain's 'sun belt,' that area south of an arc stretching from Cambridge through Berkshire to Bristol."

The census also shows that workers of ethnic minority backgrounds are still significantly more likely to be "disadvantaged" in the labour market than their white counterparts, despite greater Government interest in promoting the employment of workers of Afro-Caribbean, or Asian origins.

It reveals that in the spring of 1985, 10 per cent of whites of working age were unemployed compared with 20 per cent for the ethnic minorities.

The Pakistani-Bangladeshi community emerged as the most disadvantaged group. Unemployment rates ranged from 48 per cent among 16–24 year olds, to a low of 23 per cent among 25–44 year olds, or 2½ times the unemployment rate among whites in this age group.

**Employment Gazette, January 1987 £3.25.*

***Thatcherism and Britain's Industrial Landscape: The Geography of De-Industrialisation, published by MacMillan.*

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THE ARTS

Letter from New York/Paula Deitz

Sargent lines up in force

"The Misses Vickers" by John Singer Sargent

American style became solidified at the Philadelphia Centennial Exhibition of 1876 in a merger of art, science and industry that has set a pattern and an attitude ever since. What has been taken for granted over the years as a way of life that celebrated prosperity and ingenuity has come under close scrutiny recently by historians and museum curators; and in three current exhibitions, the artifacts of this style are being celebrated and appreciated by a public that has been renewing formal fashions.

One can imagine what impression the Philadelphia exhibition made on the artist, John Singer Sargent, when he saw it on his first visit to America at age 20. Born of American parents in Florence, Sargent was a product of the refined and untroubled cultivated European life his friend and fellow expatriate Henry James portrayed in his novels. Yet, it appears he responded fully to a frank openness he saw in America that can subsequently be observed in his American portraits commisisoned by those families of the prosperous new style. Everyone has a favourite Sargent in some local museum, but when these are collected togther and lined up in force, as they are here in a retrospective of 168 works — the first since the Royal Acamedy's in 1926—then the differences are revealing (lately at the Whitney Museum, Art Institute of Chicago from February 7 to April 19).

In common with Ingres' portrait drawings, the best Sargent oil portraits carefully delineate the character of the facial features while the rest falls away in a cloud of stylish dress with always a touch of glitter—a necklace, ring or watch chain—to enhance the rich apparel. With regard to the startling 1884 portrait of Madame X—on view with preparation drawings indicating Sargent accomplished exactly what he set out to do—for all its pristine beauty, clean but blank profile and mik-white skin, it was fortunately not the artist's final direction. His turnabout may have been a response to critics but still the three Misses Vickers painted the same year each have the individual qualities that distinguish the greatest portraits. Also, there is a sense of ambience, of three sisters having just finished their tea, with good porcelain and silver in the background.

The stylised British portraits like "Millicent, Duchess of Sutherland," painted against a landscape, and "The Wyndham Sisters," were calculated for comparison with other family pictures by Reynolds and Gainsborough. But in America he was seen on his own, and no other portrait has the direct freshness of the young New Yorkers, Mr and Mrs I. N. Phelps Stokes in their summer street clothes, including her straw boater.

Though Sargent admitted in 1907, "I have long been sick and tired of portrait painting," the exhibition demonstrates it is what he did best — the pressure of performance bore results. Weak are the sections with his impressionistic landscapes, where a loss of focus brought a loss of sharp beauty. Seen in quantity, summer paintings of friends at leisure in fields around the Simplon Pass merge into an indistinguishable sweetness. But the subject pictures are portraits of another kind, for in architecture he saw facades that also called upon his skill of manipulating light on surface, as in "The Marble Fountain at Aranjuez, Spain" and the "Church of St Stäe, Venice." In a class by itself is "In the Luxembourg Gardens": a *broad expanse of luminous* lavender-grey twilight still typical of Paris; moonlight reflected in a pool; the glowing ember of a man's cigarette and the woman on his arm a suggestion of pink; and in a band across the middle field, the ghostly statues of the French queens.

A word about the current fashion of catalogues with multiple essays each on a narrow aspect of the work but still by necessity *overlapping* with the same information. What happened to the single strong curatorial viewpoint with which one either agreed or disagreed? In the case of the Sargent catalogue (the wall captions are more informative), it sends one running to the library for James's essay on Sargent originally published in Harper's Magazine in 1887; "There is no greater work of art than a great portrait — a truth to be constantly taken to heart by a painter holding in his hands the weapon Mr Sargent wields." The artist's 1913 portrait of the writer is there to prove the point.

★

Sargent's popularity in America was only one aspect of the new consciousness, born of the 1870s, for collecting and displaying the fine and decorative arts. This flowering, a mania subscribed to by both artists and consumers, had its roots in the British Aesthetics Movement and affected every detail in the wealthy urban house, but filtered down quickly enough in a democratic society to homes of more modest means. *Almost 200 objects of this* period are being exhibited at the Metropolitan Museum of Art (until January 11) as part of "In Pursuit of Beauty: Americans and the Aesthetic Movement"—and the only mistake is that the furniture, textiles, stained glass, wallpapers, ceramics, paintings and sculptures are displayed in isolated *splendour rather* than in the heavy hodge-podge mixture of pattern on pattern, as they were intended to be seen in their original context.

Art became institutionalised in this period that saw the founding of the great American museums, but also individual decorating firms could be counted on to design and make the whole new look at home. Herter Brothers was one that specialised in ornamenting every surface, and an ebonised cherry cabinet of theirs with marquetry and gilt is a dictionary of decorative motifs: panels of berries and leaves, cranes and the sunflowers ubiquitous to that time. Louis Comfort Tiffany, one of the designers who made up Associated Artists, worked with everything from coloured glass to silver, incorporating as others did the influences of the past from ancient Greece to medieval Europe and the more contemporary preoccupation with Japan and the Near East. The heavy wrought-iron candelabra he designed for the Seventh Regiment Armoury in New York has been borrowed from a room that is still intact, as is the interior of Mark Twain's house in Hartford, Connecticut, also designed by Associated Artists.

Again, the catalogue is exhaustive and exhausting, though in this case an encyclopaedic listing of the artists in an appendix is invaluable. And yet, in describing the work of ceramist John Bennett, the catalogue omits an obvious fact included in the capition for his Islamic-style deep blue, turquoise and white vase: simply that he visited Lord Leighton's house and saw William de Morgan's bowls and vases.

The artists themselves were the major proponents of this style, which led to Art Nouveau and the American Arts and Crafts movement, and William Merritt Chase's 1880 painting of his own studio with a heavy Renaissance *cabinet*, modern ceramics, a classical bust and patterned wall hangings overlapping one another certainly answers the question posed by Clarence Cook's pamphlet of the same year: "What Shall We *Do with Our Walls?"*

Losing Venice/Almeida

Claire Armitstead

John Clifford's *Losing Venice* has enjoyed an afterlife that must be the dream of every Edinburgh festival hopeful. Since carrying off a fringe first in 1985 it has gone international. En route now for Hong Kong, Jenny Kilick's Traverse Theatre production sheds its load of fantasy and adventure briefly on London, raising the inevitable question: is it as good as it's cracked up to be?

The answer, in some respects, is *yes. Simply and effectively* set by Dermot Hayes against an airy white pavilion, the play follows the fortunes of a duke, a poet and his servant from Spain to Italy on a crazy mission to save 17th century Venice from the Turks and itself. They come from an old world obsessed with its own military importance, whose senescent value system extends to a king who sleeps with a corpse, an aristocrat who can't procreate and a poet who can't think of anything positive to write about.

The duke, we learn, is a famous war hero — notwithstanding our first encounter with him in a funny-walk wedding procession with a bookish, frigid duchess who is clearly not going to lie down and be conquered. The possible parallels with post-colonial Britain abound, but lest it should be taken too seriously, Clifford insists in his programme note that the play is not a fable or an allegory; that its *primary purpose is not to* explore issues but to create a "theatre of pleasure."

There is certainly pleasure to be had along the way: from Bernard Doherty's rubber-faced poet Quevedo nervously licking his lips or fulminating at Petrarch for inventing the sonnet; from Kate Dughene's splended myopic duchess breaking into scrunch-nosed snobs and, as suddenly, breaking out of them again. The *acting is admirable all round* and the writing clever, but there is a pervisity about the play which borders on the clever-clever. Caught by pirates, the ducal party wise-crack their way out of trouble with such ease that it is all too easy to forget these are pirates; led by a Venetian priest on an allegorical journey-within-a-journey to the heart of power, the duke disappears down an oubliette, only to reappear in Spain a forgotten man. The wizardly ultimately undercuts the dramatic impact.

St Martin's moves to Wapping

The Academy of St Martin-in-the-Fields is moving to Docklands. The orchestra is planning to take over the old Pumping Station at Wapping and convert *it, at a cost of £5m, into a* recording studio and a rehearsal room. Work on the scheme should start in April, with the orchestra already planning a gala concert in its new home in the autumn of 1988.

The orchestra has always been financially self-sufficient, and is investing up to £600,000 of its own money into the conversion. (It earned £200,000 from the successful recording of the soundtrack of the film *Amadeus*, and it was this windfall which persuaded it to look for a London home). Another £350,000 is promised from the Docklands Development Corporation, which is delighted to have such a cultured incomer to the area. The rest will be raised through gala concerts, mainly in the US; from sources like the English Tourist Board, the Museums Commission and English Heritage; and from corporate and private donations.

The Academy, which has a tremendous reputation abroad where last year it spent three months on four, is confident that it can produce the cash: and make a profit from its Wapping operation. There are only two adequate recording *studios in London* — Abbey Road and the Henry Wood Hall —and a purpose built studio would meet a strong demand. The Academy itself makes 16 recordings a year but could double that number if suitable recording space was available. The rehearsal room will be a separate structure.

The Pumping Station, which was built in 1890, is an attractive ivy clad building close to the Prospect of Whitby pub. It will not, however, be licensed for public concerts, although the Academy intends to hold private recitals there, and also build up an extensive educational and community programme. It has recently become one of the three music groups in residence at the South Bank and has plans to hold public rehearsals in Wapping, then transport the audience by boat to the South Bank for the finished performance.

The Academy also intends to play a wider repertoire from its origins in the Baroque, increasing its numbers from a current upper limit of about 50 musicians to 70. Unlike the other major London orchestras, it does not receive, or expect, any public subsidy.

★

To they that have shall be given . . . says the Public Lending Right Act, and yesterday 59 of the top selling authors in the country learned, once again, that they were to receive an extra £5,000 in income from the Government's scheme to reward authors for the exploitation of their books through the public library service.

As ever, Catherine Cookson heads the list as the most read author by library users in 1985-1986 and all the familiar names —Wilbur Smith, Dick Francis, Jeffrey Archer etc—will get their £5,000, the maximum pay out. There is a slight reduction on the 63 who qualified for the jackpot in the previous year. Of the select, 24 are romantic novelists, and seven writers and illustrators of children's books, a group that did particularly well last year.

At the other extreme are the 7,488 authors who will receive less than £100, many getting the minimum payment of £1. In all, almost 13,000 writers get something under the scheme, but as more join—there were over 1,700 signing on last year —the amount they receive *for* each loan declines—it was just 1.20p in 1985-86, compared with 1.27p in the previous year. In all, the Public Lending Right distributed £2.4m.

The Government has frozen its expenditure in this area for 1986-87 for the third successive year—it is £2.85m, although there are promises from Mr Richard Luce, Minister for the Arts, of a real increase next year. The scheme gathers its data on library borrowings from a sample of 20 libraries, and changes in the libraries surveyed can affect the earnings of authors: in 1985-86 the libraries included seem to spend more of their resources on children's books.

In all there are 622m *loans* from libraries, but only 223m, of these contribute to the Public Lending Right. Books by dead, or foreign, authors obviously are not covered by the scheme.

Antony Thorncroft

Carnegie Hall revisited

Andrew Porter

I must chase my first report *on the gala reopening of* Carnegie Hall with happier news. At the first concert, everything sonic was smeared, sullied, thrown out of focus by the loud whirring of television's fan-cooled lights. One tried to *make allowances*, but *concern* that the hall's famous acoustics had been altered was widespread. Now, two subsequent concerts have allayed those fears. All seems well.

I say "seems," because I have still to hear a full-scale symphony orchestra play in the renovated hall. Itzhak Perlman's recital showed that the intimacy in chamber music remains. William Tuthill, the 1891 architect, achieved a miracle: gathered nearly 3,000 people into a room where acoustics and sightlines combine to make one feel close to the music. Perlman's recital—Jonathan Feldman the accompanist—was an *impromptu affair, assembled* when Daniel Barenboim, due to play a Chopin programme in memory of Rubinstein, fell ill.

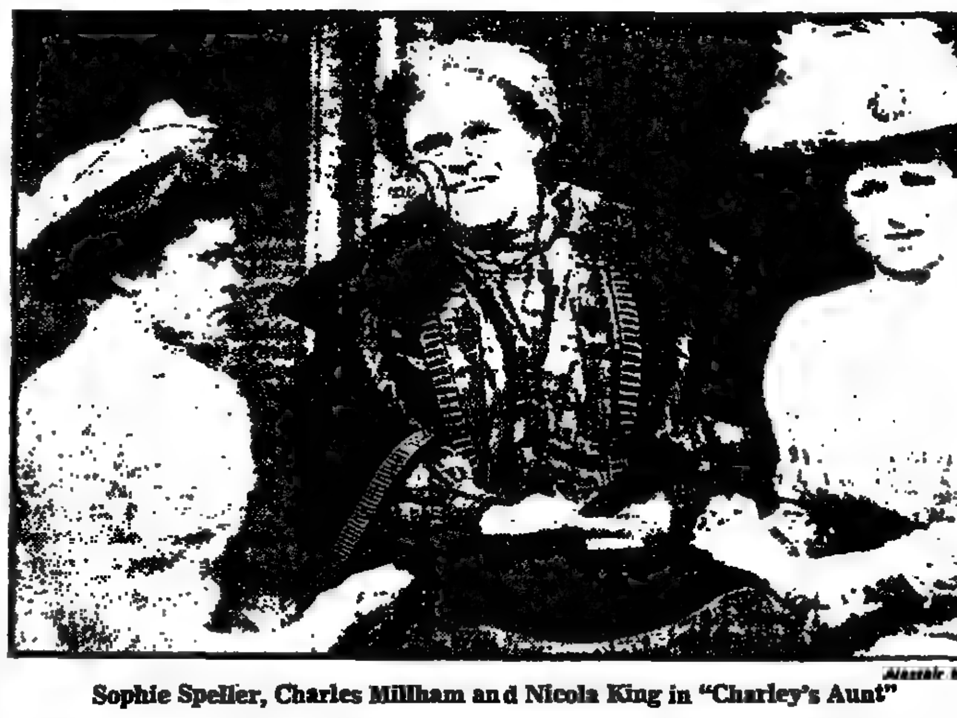
A Leclair sonata, the Brahms D-minor, and then a handful of encore pieces: I moved from my mid-stall seat to stand at the back. Perlman ended the flute dance from *Orphée* in a fine-grained pianissimo, which remained beautifully audible until the last morendo note faded. He announced the programme from *the stage, and the speaking* voice carried easily.

The Orchestra of St Luke's, conducted by Michael Tilson Thomas, gave the first orchestral concert: the "Paris" symphony, Mahler's Rückert songs (Marilyn Horne the soloist), and the Eroica. More Mahler—the Second Symphony from the Boston Symphony, under Ozawa — was billed for the next two days: Mahler four *days running to open the* hall! (Things become more adventurous later.) St Luke's was playing at 50 strong. The band was grouped centrestage, not up at the front edge of the platform. It sounded admirable — much better than the Philharmonic on opening night, which was strung from side to side along the front, to leave room for the chorus behind. It was bright, warm, forward, and well-balanced.

Apologies for two misstatements in my initial report, caused by misreading a press release. The platform size has not been diminished "to improve the acoustics," and the rake of the floor has not been *significantly changed* "to improve sightlines." That's what is happening in Carnegie *Recital Hall*.

Charley's Aunt/Oxford Playhouse

B. A. Young



Alastair Muir

Sophie Speller, Charles Millham and Nicola King in "Charley's Aunt"

There is only one joke in *Charley's Aunt*, the impersonation of Charles Wykeham's aunt *from Brazil, where the nuts* come from, by fellow undergraduate Lord Fancourt Babberley, who happens to have about him his costume for a forthcoming amateur theatrical production. By good fortune, this part is placed in the hands of a short, plump captor, Charles Millham. He understands the part exactly. He keep it absolutely free from camp, and remains a young man with a restless sense of humour, dressed up as a middle-aged woman. His confrontation with Spettigue is a lovely example of how to deal with arrogance when all the normal restrictions of polite society are unexpectedly removed.

I said that Mr Millham's performance was good *fortune*, because before he got his costume on, it seemed likely that the evening would be tedious. I've seen this play almost as often as *Hamlet*, and each time the curtain goes up I wonder how it is that Brandon Thomas's little farce contrives to have lasted so long. Around the one joke there is a trivial story about romance, brought to an end when eight out of the 10 characters are paired off as in *Measure for Measure*, leaving only Spettigue and the scout, Brassett, without a companion. At Oxford, the first act was played with a dreary determination that left the plot-building without any touch of conviction. Jack and Charley discuss their love troubles and insult Brassett as if it were a duty they have to overcome before they can get to the farce (as indeed it is.).

With the second act the sun rises. The serious characters are still dull, apart from the senior generation, Conrad Asquith as Sir Francis (who *wears a highly anachronistic hat* at his first entrance) and Helen Lindsay as the real Donna Lucia, who both introduce a note of humanity and so deserve their ultimate betrothal. Nicola King, Sophie Speller and Polly Pleasance are three pretty girls, and I suppose this is all Brandon Thomas meant for them; but he need not have given them such dull lovers as Jack and Charles (Chris Humphreys and Bernard Wright). Miss Pleasance is the lucky one; she gets Mr Millham. Spettigue (John Clegg) spends much time jogging across the stage in search of the false Donna Lucia; Brian Abbott makes Brassett as unworthy a servant as Jack and Charles evidently think him.

Siegfried Sassoon/Hampstead

Martin Hoyle

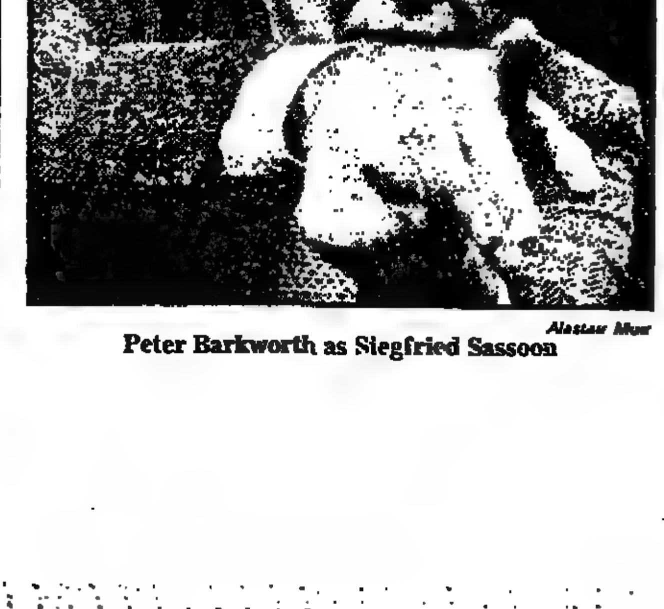
Peter Barkworth's one-man show is subtitled *The Story of the Young Soldier Poet;* and this compilation of poetry and autobiography takes us up only to the end of the First World War. The actor explaining how he discovered the works of Sassoon as a schoolboy, and then begins, "From now on everything I say will be written by him."

Engaging memories of a turn-of-the-century childhood are marred only by the rift between beloved parents Mamsy and Pappy. The bookish child, solaced by an imaginary companion, writes poetry ("O haggard, weary, lifeworn soul —pass on!") which gives way to a charming childhood poem *about* childhood by the adult Sassoon. A golden Edwardian youth—riding, village cricket, *Stanley Weyman's* adventure stories, bad reports at Marlborough—leads to the euphoric conviction that there is much worth fighting for when war breaks out.

The "safe world, sure to be the same tomorrow, next year" changes. He meets Robert Graves ("very much disliked"); his brother dies after Gallipoli; and after the funeral of a Cambridge friend, "yellow-haired Tommy," Sassoon realises that he is now truly capable of killing.

Sassoon, possibly, but not Mr Barkworth, whose innate gentleness and courtesy make him the best exponent in the theatre of civilised virtues. Warm, kindly and direct. To stiffen the sinews and summon up the blood he finds it necessary to act out the war poems (stretched flat on the stage to illustrate trench warfare, for instance) where a more abrasive actor might express the implied harshness with a flat, deadpan delivery. Moments of introspection find him at his best: quietly walking off stage in disgust after being recommended for the Military Cross; the complex mixture of anger, contempt and pity for the complacent clubmen talking of the fun their sons would have at the front (he spaces out "those impotent . . . old . . . *friends* of mine" with beautifully unexaggerated deliberate*ness); and the friendship* struck up with Wilfred Owen while recovering from supposed shellshock at Craiglockhart.

Both the strengths and dangers of Mr Barkworth's approach are seen in his treat*ment of "Suddenly everyone* burst out singing." He speaks it twice, once "acted" with hands and arm gestures, perilously near to softening and sentimentalising the piece; then finally with clam relief.



Alastair Muir

Peter Barkworth as Siegfried Sassoon

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 2–8

Exhibitions

ITALY

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been *out of China*. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

NETHERLANDS

Laren, Singer Museum. Glass creations by Sybren Valkema. Ends Jan 18.

Groningen, Groninger Museum. The use of colour in modern European architecture from 1910 to the present. Ends Jan 25.

PARIS

Esteve: After important exhibitions in Germany, Switzerland and Scandinavia, Paris in turn honours the abstract French artist born in 1904. The retrospective consists of 116 paintings, 50 watercolours, nearly as many drawings, some collages and tapestries and shows Esteve's development. Influenced at first by Cubism and fascinated by Cezanne, he continues obstinately on his own solitary road until he achieves an equilibrium between a rigorous composition and an explosion of colours. Grand Palais, Closed Tue, Ends Jan 12 (4256 0924).

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries Gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, *objets d'art* and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and Post-Impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity.

The sculptures come into their own in the immensity of the nave, at the end of which is a large-scale model of the opera and its district below glass tiles. The view of Paris from the terraces is an additional delight. Musée d'Orsay, Entrance 1, rue de Bellechasse (4549 4814). Closed Mon.

WEST GERMANY

Münster, Westfälisches Landesmuseum, Domplatz 10: August Macke: To mark the 100th anniversary of his birthday, the museum, helped by the Macke archive and sponsored by the estate of Northrhein Westphalia, is displaying 180 paintings, 130 pictures, 70 watercolours and documents. Macke, born in Meschede (Westphalia), studied in Düsseldorf and Berlin under Lovis Corinth. He was responsible for a new art form before the First World War. In the spring of 1914, he went with Paul Klee and Louis Moilliet to Tunis. In the same year, he was sent to the front in France, and died in action in Champagne. Ends Feb 2.

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, *classicism and surrealism, as well* as Picasso's most recent works. Ends Mar 15.

SPAIN

Madrid: Julio Gonzalez (1876-1942), Spanish cubist sculptor considered with Picasso the top exponent of this movement; 50 sculptures and 70 drawings on loan by the Ivam, Valencia's modern art museum. Ends Dec 30. Also Miro sculptures (1893-1983): 100 sculptures and 140 drawings on loan by Moma, Georges Pompidou, Miro Foundation and private collections offer a vision of Miro's sculptures of 1930-1970. Ends Jan 20. Both at Centro de Arte Reina Sofia, Santa Isabel 2. Open Tue to Sun: 10.00-21.00. Closed Mondays.

VIENNA

Gold and Power – Spain in the new world: To mark the 500th anniversary of the discovery of the Americas, this huge exhibition of treasures from the Museum of America in Madrid tells the story of the Spanish conquest. The collection, seen for the first time outside Spain, includes ornaments and utensils of indigenous Americans, beautiful Mexican mother of pearl pictures of the blood-and-thunder of the conquest, records of Jesuit missions in Paraguay and stunning gold statues and jewellery from a land mythologised as El Dorado. Vienna is the first stop for this exhibition, which will later travel to Cologne and Budapest. Kunstlerhaus. Ends Jan 25.

TOKYO

American Pop Culture Images Today with works of 60 American artists the exhibition also features a live concert, videos, junk food corner and other aspects of the American pop culture since much has been grafted on to Japan's youth culture by now, the exhibition should reveal the extent to which the original has been *changed for Japanese* taste, i.e., japanised. La Foret Museum in Harajuku. (475 0411). Ends Jan 17.

NEW YORK

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

CHICAGO

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

FINANCIAL TIMES
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Thursday January 8 1987

EMS without co-operation

THE OPEN row between Paris and Bonn over the need for a revaluation of the D-Mark within the European Monetary System underlines the depth of international disquiet at the thrust of West German economic policy. Mr Jacques Chirac knows full well that the last thing Mr Helmut Kohl needs in the run up to a general election is turmoil on the foreign exchange markets. Mr Chirac is under intense domestic pressure as a result of strikes in the public sector and might reasonably have expected EMS partners to rally round to hold up the franc. West Germany, it appears, has been singularly unhelpful during this crisis—Mr Chirac's word is "selfish"—and the French have allowed the franc to hit its lower limit in order to oblige the Bundesbank to take some of the strain.

The West German intransigence and the French name-calling are scarcely an advertisement for the EMS as a zone of currency tranquility. Indeed, by ignoring warning signs and allowing a public row to break out, the West Germans have weakened their often eloquent case for full British membership of the system. The spectacle of a Bonn-Paris shouting match is hardly likely to lessen Mrs Thatcher's fears about the possible political costs of EMS entry.

Tight policies

The root causes of the tension in the EMS are the weakness of the dollar and the tightness of West German economic policy. When the dollar was strong, the EMS was stable: there was no realignment between early 1983 and the middle of 1985 largely because substantial capital flows to the US exerted downward pressure on the D-Mark vis-a-vis other member currencies. The shift in parities now threatened will be the fourth in 18 months and an indication of the fact that the D-Mark gains disproportionately when investors lose confidence in the dollar.

The French are talking about the need for a revaluation of the D-Mark of no more than 4 per cent against weaker EMS currencies. This looks, if anything, on the low side. The effective 6 per cent devaluation of the French franc in April 1986 had only a limited effect on French competitiveness: France's trade deficit with West Germany has been rising steadily. It averages FFr 3.6bn a month in the first 11 months of 1986 against only FFr 2.4bn a month in 1985; last November's shortfall was FFr 4.1bn. Falling consumer prices in West Germany have led to a widening of the cumulative inflation differential between the two economies.

The scale of the D-Mark revaluation required depends on the extent to which West Germany is willing to loosen macroeconomic policies after the election. The faster West Germany grows, the more other European countries can expand without running into balance of payments difficulties. There can be no doubt that West German policies are still tight. The OECD calculates that the fiscal impulse in 1987, after adjustment for inflation and the economic cycle, will be worth a paltry 0.1 per cent of GNP. This is weaker than in 1986 and much weaker than the stimulus applied to the UK economy by Mr Lawson in 1983 and 1984.

Growth path

The chorus of voices calling for a change of policies in Bonn is growing louder by the month. Last summer, Mr James Baker, the US Treasury Secretary, was almost alone in claiming that Bonn needed both to cut interest rates and to provide a bigger fiscal stimulus. He has since been joined not just by the French but also by Mr Kohl's own junior coalition partners, the Free Democrats. Count Otto Lambsdorff, the former economics minister, is now arguing that the West German economy will not reach its targeted growth rate of 2.5 per cent this year unless the economy is given a stimulus. Both the IMF and the OECD have alluded to Bonn's increased scope for expansionary policies.

With one of the West German economic institutes projecting growth of only 1.5 per cent in 1987 and rising unemployment, the case for a change of tack is stronger than ever. The challenge for Mr Kohl is not just to get West Germany firmly on to a faster growth path but to demonstrate its willingness to support other EMS members. The harmonisation of currencies requires co-operation, not confrontation.

Mr. Chirac on the defensive

THE PROLONGED strike by French railway workers and its extension to other public-sector areas, without any signs of a quick settlement, has had the expected result of putting the franc under severe pressure. It is understandable, though hardly diplomatic, given the close relationship between France and West Germany, that Mr Jacques Chirac, the beleagured French Prime Minister, should put most of the blame for the misfortunes of the franc on Bonn. That, together with emphatic denials that the Paris Government has any intention of devaluing the currency, is a familiar French tactic on the eve of a possible realignment within the exchange rate mechanism of the European Monetary System (EMS).

At a time when Mr Chirac is the object of fierce criticism from his political opponents and even allies for his domestic policies, it is clearly useful for him to switch public attention to a foreign "miscreant." Though his criticisms of German economic policy are certainly shared by others, notably the US Administration, even the most committed supporters of the French Government would find it hard to deny that Mr Chirac must shoulder some of the blame for his country's woes.

The withdrawal by the Government of its plans for university reform under the pressure of massive student protests, followed immediately by a period of widespread industrial unrest, has undoubtedly played its part in undermining international confidence in the franc and the French economy.

Reputation dented

After a good start following the centre-right coalition's election victory last March, which saw the introduction of a programme of privatisation of the nationalised banks and some of the big industrial companies brought under state control by the previous Socialist government, Mr Chirac seems to have lost his touch.

The Prime Minister's reputation as a tough politician who would stick to his guns come what may was badly dented when he backed down before the students, whose opposition to university reform and capacity to mobilise huge numbers of protesters he had completely underestimated. Worse still, this setback has weakened his capacity to deal with the present wave of industrial strikes supported, if not always initiated, by long-quiescent trade unions, which have taken full advantage of the Prime Minister's unexpected flexibility.

Mr Chirac's protestations that he will not abandon his strict anti-inflationary policy, including the limitation of pay increases in the public sector to 2 per cent or, in some cases, 3 per cent, no longer carry as much conviction as they once would have done. After all, he has already agreed to suspend the Government's merit-based pay and promotion scheme for rail employees, in the vain hope that the strikers would drop their other demands.

Progress made

France's economic health and his own political prospects will not allow Mr Chirac to make many more compromises of a fundamental nature. Public sector pay, involving as it does some 4.5m employees, is the linchpin of the Government's anti-inflation programme. Commendable progress has already been made in bringing down French inflation to little more than 2 per cent in 1986. Yet this is still too high given the three-point gap between the French rate and that of West Germany, France's biggest trading partner, whose bilateral trade surplus with its neighbour across the Rhine has been rising by leaps and bounds.

No doubt Mr Chirac will have to make some concessions to the rail and other public-sector workers before they agree to end their strikes. But the worst thing that could happen is another "Grenelle" agreement — the name of the deal concluded after the 1968 student and industrial unrest, under which the Pompidou Government bought peace with massive wage increases which set off an unprecedented inflationary spiral.

The disarray of the Government has also given President Mitterrand more room to undermine Mr Chirac's position, while the stature of some other potential candidates for the presidency, like former President Giscard d'Estaing and former Prime Minister Raymond Barre, has been enhanced. If Mr Chirac is to fulfil his presidential ambitions in 1988, he will have to demonstrate more firmness and better political judgment than he has over the past few weeks.

WEST GERMANY'S BANKS

The political pressures are starting to tell

By Peter Bruce

WEST GERMANY's big banks could face legislation designed to curb their spreading influence over the country's economy after this month's general election.

The banks have come under heavy pressure from both left and right for exerting what critics allege is a dangerously strong influence over events, both industrial and political, well beyond their immediate financial preserve.

These criticisms contrast with the admiration often expressed in the UK for the long-term relationship between German banks and companies, compared with the alleged "short-termism" of British financial institutions.

Accusations that the banks have put a damper on industrial competition because of their involvement in large mergers have intensified. Officials in the Economics Ministry in Bonn say an attempt may be made this year to bring in new laws to restrict bank holdings in industry.

The prospect of this happening appeared to strengthen last month when an influential advisory body to the ministry, the 29-member Academic Advisory Council, attacked the influence banks have over the way companies raise money.

Mr Wolfgang Roth, chief economics spokesman of the opposition Social Democrats, has described the spread of the banks' influence as breathtaking. The liberal Free Democrats, junior partners in Chancellor Helmut Kohl's government, favour legislation to curb their power. Even in Mr Kohl's conservative Christian Democrat (CDU) party, an important faction has been voicing concern.

The West German Monopoly Commission has also called for banks to reduce their equity positions in industry.

The influence of the banks is ubiquitous. They are shareholders in and creditors to industry, as well as its stockbrokers. They own or supervise huge tracts of the West German economy and are immune from Germany's normally strict cartel laws.

Deutsche Bank has equity stakes worth an estimated DM 13bn in industry, and although the Dresdner and Commerzbank weigh in well behind at DM 3bn and DM 2.5bn respectively, they are nonetheless powerful.

Dangerously strong influence over industrial events

Their influence over company decision-making is not limited to this, however. Under West German law, the banks may exercise a proxy vote on behalf of investors not able or willing to attend shareholders' meetings. As foreign investors have flocked to the German stock markets, the proportion of absentee shareholders has risen and the banks have accumulated more and more proxy votes.

What they do not own, they supervise. The country's multipurpose banks have representatives on the supervisory boards of almost every significant manufacturing, trading or retailing company in the country.

Members of Deutsche Bank's main board sit on the supervisory boards of most big competitors in West Germany's power generation, retailing, steel, chemicals, industrial gas, sugar supply, oil, cement, electrical engineering and computer sectors.

As virtually the country's only stockbrokers, the banks have been able to ensure that quoted West German companies are not prey to hostile takeover attempts.

The clearest recent expression of public unease at the financiers' role was made by the largely independent Monopoly Commission, which argued that the banks should be forced to cut their industrial holdings to no more than 5 per cent in any one company outside the banking sector. It was the second time in a decade that the commission had made such a recommendation — it issued a report in the mid-1970s highlighting the desirability of greater competition — so far to no avail.

Now the commission has won strong support for its 5 per cent plea from the Academic Advisory Council which has argued that the banking system, as it now operates, gives rise to conflicts of interest.

"To allow the banks long-term share ownership in companies is disturbing mainly because their role as creditor enables them to enjoy a clear information advantage in the (equity) market," said the council.

The banks are clearly rattled. In response to the commission's contention that, since its earlier report, "the concentration of power about the banks has intensified," The Federal Association of German Banks, which represents the private banks — led by Deutsche Bank, Dresdner Bank and Commerzbank — quickly fired off an aggrieved letter to the Economics Ministry.

It condemned the commission's report as "untested and in appropriate" and claimed that the banks had reduced the number of companies in which they owned stakes of more than 25 per cent by 40, while adding only three since the earlier commission report.

Some would argue that the important thing was that the letter was written at all. The association is probably the most secretive and powerful club in the land. Socialists and liberals have been trying for decades to prise it open and the response to the commission report was a first crack in the silent facade.

An official at the Economics Ministry said with a chuckle: "They should never have written to us. Now we'll just keep going back for more."

The letter was agreed with some glee in the ministry, which has been run for years by the liberal Free Democrats (FDP), junior partners in the coalition and home to the country's only serious deregulators. For them, no target could be quite as appealing as the banks.

"The federation's reply shows in an impressive way that in the past 10 years much reduction has been achieved," says the Ministry official. "But what is missing is information about the area (of equity stakes) between 5 per cent and 25 per cent (which need not be disclosed). We are going to ask for more information — they have not addressed their positions on supervisory boards nor on proxy voting."

The ministry has set itself a difficult, if not impossible, task. The 25 per cent stake is a magic number in West Germany because it triggers an automatic investigation by the cartel office in Berlin—run by Mr Wolfgang Kartte, whose determined pursuit of cartels is legendary.

But the 25 per cent stake is also something of a red herring. Positions of anything below 25 per cent can be hugely influential and are understood to have become more popular as the banks try to escape criticism.

Financiers have been known, for instance, to help their industrial or political friends to avoid Dr Kartte's prying eyes by buying equity in a company over and above a stake of under 25 per cent taken by their clients.

This happened when the aerospace concern, Messerschmitt-Boelkow-Blohm (MBB), prodded my Mr Franz Josef Strauss, the Bavarian premier, tried to buy a struggling tank builder, Krauss Maffei, which was being sized up by Vickers of Britain. The cartel office would have none of it, citing an unwarranted concentration of power in the arms industry.

Mr Strauss called in the banks, with the result that MBB and another Bavarian arms producer now own 50 per cent each of a consortium that owns 24.95 per cent of Krauss Maffei. A Bavarian government financial holding has 31 per cent but the key stakes are ones of around 10 per cent each held by Deutsche Bank, Dresdner Bank and Bayerische Vereinsbank.

The Monopoly Commission indirectly criticised the banks by lamenting the apparent inability of the cartel authorities to stop large mergers like the acquisition of the electricals group AEG earlier this year by Daimler Benz, creating the country's biggest company. Deutsche Bank owns more than 25 per cent of Daimler and has been accused by the political left and in some business and financial circles of having arranged the deal.

The commission report concluded: "The non-prohibition of the Daimler-Benz AEG merger raises the question of whether current laws allow for sufficient control over large mergers."

"It will be very hard to get the information," says the Economics Ministry official. "The banks are trying to kill the discussion." He hints, nevertheless, that an attempt might be made, probably through the FDP should it retain a place in government after the general election, to formulate legislation that will curb bank influence.

This could be done through the country's credit laws but, he says: "Our preference would be to impose the cartel laws, although this would be very ambitious politically." There is some opposition in the ministry to resorting to legislation particularly from Mr Otto Schlecht, its senior bureaucrat, who opposes excessive regulation.

For one member of the Deutsche Bank board at least, this does not sound like idle talk. "I'm sure they will do something," he says. "Personally, I would love to cut the number of supervisory boards I sit on from 10 to five."

Confronted with questions about whether they are too powerful, bankers are beginning to put the backs of their hands to their foreheads and complain that it is all too much. "If I hear any more about the power of the banks I shall be ill," says one Deutsche Bank director.

Nonetheless, the banks feel themselves on the defensive. This was illustrated neatly recently when Deutsche Bank appealed to shareholders to attend meetings and to companies to make their annual reports available early to foreign shareholders in appropriate languages, to motivate them to take up their right to vote.

The bankers are eager to point out that they are not always listened to. In the early 1980s, the steel industry turned up its nose at a restructuring plan drawn up in part by Mr Alfred Herrhausen, and Dresdner Bank appears to have had little success in its efforts to persuade the Quandt family to sell off at least part of its 66 per cent holding in BMW, the car-maker.

Bank profits, helped first by their dollar business before the US currency's fall and later by a flourish of activity in the country's once docile stock markets, are at record highs.

"We are always attacked when we are making money," sighs a Frankfurt banker, "but when times are hard everyone is glad we are around." Bank rescues, like the one in 1978 of Nixdorf and in 1982 of AEG, comfort industrialists.

"Mannesmann would not exist had Deutsche Bank not stuck by us in the first difficult years of our existence," says Mannesmann chairman Mr Werner Dieter. "The exaggeration of the influence of the banks comes from a certain political direction."

And although Deutsche Bank and Dresdner Bank control Hapag-Lloyd, West Germany's biggest shipping line, the group's chairman, Mr Hans Kruse, insists that he is still able to shop around for credit when he needs it. "You have to know how to play the game," he says.

Quite what the shadow boxing between the banks and their critics will lead to is unclear. The credit industry is split. The savings banks have called for all credit institutions to cut their industrial holdings. The Landesbanks, owned by the different federal states, operate as multi-purpose banks but have special responsibilities towards industry.

Not even the members of the federation, the private banks, are united. The bigger banks complain they are under-represented and that the smaller federation members are the real brake on lifting secrecy and regulation.

'We are always attacked when we are making money'

Nonetheless, Deutsche Bank and Dresdner Bank appear to be trying to back away from industrial equity, in the hope of being able to concentrate on investment banking at home and abroad.

But in Bavaria the banks are not so sure; "You have to be pragmatic," says a Bayerische Vereinsbank board member, meaning that the bank should be prepared to step in with equity when a company needs it.

The deepest division, however, may be between Deutsche Bank and the rest. Its 1986 operating profit will be more than four times that of Dresdner Bank, its nearest rival and its size and success cast a deceptive shadow over the rest of the banking industry, which tends to be judged by its actions. "There isn't a bank problem in West Germany, so much as a Deutsche Bank problem," says one experienced observer.

BANKERS ON THE BOARD

Sector	Deutsche Bank	Dresdner Bank	Commerzbank
Auto	Daimler Benz, Volkswagen	BMW, Volkswagen	Daimler Benz, Audi, Ford
Insurance	Allianz Leben, Gerling	Allianz Holding, Hamburg-Mannheimer	Allianz (General)
Chemicals	Bayer, Henkel, Schering, BASF	Henkel	Bayer, Hoechst, Schering
Steel and Engineering	Mannesmann, Klöckner Humboldt Deutz, Klöckner-Werke, Hoesch, Salzgitter, Thyssen	Krupp, Saarstahl, Klöckner-Werke, Thyssen Edelstahl, ABS Pumpen, Rheinmetall	Thyssen, Klöckner Humboldt Deutz
Metals	Preussag, Metallgesellschaft	Degussa, Metallgesellschaft	Preussag
Computers and Telecoms	Siemens, Nixdorf, AEG	SEL	SEL, AEG
Cement	Dyckerhoff, Heidelbergerzement	Dyckerhoff, Heidelbergerzement	
Construction	Philip Holzmann	Bilfinger+Berger	Hochtief
Fuel, Energy Supply, Energy Equip.	VEBA, VEW, RWE, VIAG, Texaco, BBC, Conti-Gas	BBC, Esso, Texaco, BP	VIAG
Retail	Kaufhof, Horten, Karstadt	Kaufhof	Karstadt, Horten
Media	Bertelsmann, Springer		Bertelsmann
Brewing		Dortmunder Union	Stern Brauerei, Holsten Brauerei
Aircraft, Airlines, Shipping, Hotels	Hapag Lloyd	Hapag Lloyd, Lufthansa, Airbus Industrie, Kempinski, Steigenberger	Steigenberger

Note: This table indicates some of the companies upon whose supervisory boards main board directors of West Germany's big three private universal banks sit. One of the chief tasks of a supervisory board is to appoint senior management. The chief sources for the table have been 1985 annual reports and the 1985 edition of Leitende Männer der Wirtschaft 1985, both of which may now be considerably out of date. The table is probably most accurate for the beginning of 1985. West German banks, including the three above have executives below main board level on the supervisory boards or advisory councils of hundreds of other smaller companies. The presence of a bank on a supervisory board does not imply, however, that the bank owns equity in the company.

Alcatel casts a wide net

Alcatel, the new European telecommunications group formed by CGE of France and ITT of the US, could hardly have flung its net wider in its attempt to form a broadly-based international supervisory board. In an apparent attempt to overcome the impression that it is fundamentally a French organisation, masquerading in pan-European clothing, it has brought in Viscount Etienne Davignon, the former European industry commissioner, alongside Alexander Haig, ex-US Secretary of State, Lawrence Eagleburger, the American diplomat, and Count Otto Lambsdorff, former West German economics minister. Rand Araskog, the ITT chairman, will head the board.

Beneath this distinguished gathering, however, much of the top operational management is French, with day-to-day control in the hands of Philippe Gluntz, who formerly ran CGE's Alsthom engineering subsidiary. Gluntz has already won the admiration of ITT executives, many of whom may not be staying with the new group, for his urbanity and warmth—much on display yesterday in fencing with journalists at the company's press conference in Brussels.

Gluntz, 46, is in some ways a typical product of the French system, with a career that spans economic planning as a civil servant, teaching as a professor at the exclusive Ecole Nationale d'Administration, and experience in industry in CGE's software services division. A chartered civil engineer, he is new to telecommunications, but colleagues say that he learns very fast, is an excellent strategist, and has a very open attitude towards the rest of the world. He speaks English, German and Russian.

"The cabin creaw will now demonstrate the emergency equipment and how to fill in your share application"

Men and Matters

Good talkers

Mrs Thatcher may not be famous for her enthusiasm for women's groups, but tonight she will go some way towards refuting such criticism when she hosts an all-women dinner at 10 Downing Street for the Women's Advertising Club of London.

Greeting the 80 guests from advertising, marketing, and communications, with the Prime Minister will be Baroness Trumpington and Baroness Young.

Bernard Ingham, the prime minister's press man, will be the token representative of British manhood.

Whatever Mrs Thatcher's rationale may have been in inviting such a highly articulate group of women, there is no doubt that the club is delighted to be the first women's communications group to be invited for top level talks.

"It is a unique opportunity for a diverse group of women to discuss with the Prime Minister issues of the day which affect both our business and our personal lives," says Lyndy Payne, the club president, who runs the Advertising Agency Register.

Ingham will be relieved to head that the conversation is expected to range far beyond Harvey Nichols' sale. The agenda is likely to include tax reforms, housing, rates reform, US restrictions upon EEC exports, and the importance and performance of service industries.

Irish promotion

With most people in Dublin betting that Dr Garret Fitzgerald's Fine Gael-Labour coalition will finally crumble over the budget due at the end of the month, no move in public life can occur without a political complexion being put upon it.

So it was yesterday when Sean Donlon, the youthful head of the department of foreign affairs, and a key figure in the negotiation of the 1985 Anglo-Irish Agreement, resigned to take up a senior post in Tony Ryan's highly successful, Shannon-based, aircraft leasing company, GPA. He is to become executive vice-president with responsibility for formulating corporate strategy.

For a man of 46 who has reached the top of the diplomatic profession it represents a challenging career change. But received political wisdom says there is more to it than that, and has tied the move firmly to the Irish general election expected next month.

Donlon was previously ambassador to Washington where he helped cement support for Dublin's approach to Northern Ireland from "the four horsemen" of prominent Irish-American democrats — former house speaker Tip O'Neill, senators Edward Kennedy and Patrick Moynihan, and former New York Governor Hugh Carey.

Earlier he was involved in the talks that led to the ill-fated Sunningdale agreement on Northern Ireland in 1973.

His record, however, has not endeared him to Charles Haughey, leader of Fianna Fail, and former Prime Minister who opposed the Anglo-Irish agreement for giving too many concessions to the British side. Haughey apparently regards Donlon as being too close to Fitzgerald and the British.

The belief in Dublin, therefore, is that Donlon is moving on — before Haughey returns to power, as the opinion polls predict, and does it for him.

Trust funds

The copyright on the works of Rudyard Kipling has expired this month—and dealt a severe blow to the National Trust. Over the past 10 years its income from the royalties has amounted to some £450,000.

Kipling's daughter, Mrs Elsie Bambridge, bequeathed the copyright, together with Wimpole Hall, near Cambridge, to the Trust in 1976. She requested that the income should be used for major restoration work on the hall.

With a flood of Kipling books now likely to swamp the market, the Trust is making a bid to salvage some of its loss by joining with publisher, Pavilion Books, to produce a new edition of the Just So stories on January 26. The book is illustrated by Safaya Salter, will sell at £7.95 — "and may recompense us a little for the £45,000 a year we have lost," says a Trust official.

Observer

ECONOMIC VIEWPOINT: THE CHEVENING MEETING

Be bold only on real reforms

By Samuel Brittan

ORIGINALLY, I had intended to devote the first Economic Viewpoint of the New Year to the eternal verities. But the pre-Budget meeting of Treasury ministers and advisers this weekend, at Chevening, dictates a more narrowly focused approach.

On the face of it nothing is less important than the so-called Budget judgment—this year, whether to aim for a public sector borrowing requirement of £7bn, already given as a ceiling, or whether to try to reduce this by £1bn, £2bn or £3bn at the expense of tax cuts *forgone*.

One can think of many far more important economic issues, such as agriculture, avoiding a world trade war, improving the labour market, housing and the regions, to name but a few. Some of these have a fiscal aspect.

Indeed, my general advice to the Chancellor would be to be as cautious as the stuffiest Treasury official on across-the-board tax cuts, but to take all the risks on the side of structural measures designed to improve performance at a micro level.

The biggest single economic problem is that the new jobs are in the south east and that people cannot afford to move to them. It is aggravated by three perverse policies: rent controls, overtight controls on development in the south east, insisted upon by selfish and snobbish Conservative activists in the area, and fiscal subsidies to house buyers which—contrary to the Prime Minister's intention—raise land prices, house prices and interest rates all at once.

The Chancellor cannot override the Prime Minister and Cabinet on all these policies, but he can refrain from aggravating them by not raising the £30,000 mortgage interest relief ceiling by a single penny. It will be no excuse if he raises the ceiling by £5,000 to say that the Prime Minister wanted it raised by £10,000, as Sir Geoffrey Howe did in 1983. It will be like saying: "I have only beaten my wife five times, not 10 times as you asked me to do." Thus my first test of the Budget will be the negative one: does the mortgage interest relief ceiling stay put? If it does not, you can forget the rest.

But there is also one positive thing that the Chancellor can do within his political constraints.

The top UK marginal rate *can and should be brought* down to 50 per cent. The revenue cost will be negligible or negative, but there will have to be a political offset. This should come not from massive tax cuts in the middle or bottom ranges, which cannot be afforded, but by removing mortgage interest relief against the higher tax rates only, as recommended in these columns by Giles Keating. If this is vetoed, then the Chancellor should refuse to make any cuts in the top rates at all.

Of the structural reforms now on the political menu, the most

The Chancellor should be as cautious as the stuffiest Treasury official on tax cuts

important are, first and foremost, a substantial incentive for profit-related pay (which is the Chancellor's best chance of appearing in the history books), special measures for the long-term unemployed and some modest fiscal encouragement to employee share ownership programmes (ESOPs).

But I must now turn to the boring bit about the Budget judgment. I am sure that it is in the Chancellor's personal interest to be as cautious as possible. If only because the future is uncertain, there is a chance that there will have to be some offsetting tax increases — or emergency axe-wielding on public expenditure — later on, for which he would receive the blame.

Personal considerations aside, it would be altogether false to conclude from the unimportance of each year's Budget judgment that the Chancellor might as well be as "generous" *as possible. For a series of* errors on the side of generosity become important when cumulated over several years.

The table shows the UK fiscal record as computed by the Organisation for Economic Co-operation and Development. The figures for the "general government balance" have the advantage of excluding asset sales and other British accounting quirks. Of course, no series is perfect. The estimates for 1986 and 1987 are probably too pessimistic and one can argue *about the exclusion of nationalised* industries. It is still probably the best series we have.

After reaching a peak deficit of nearly 5 per cent of GNP in the "IMF" year of 1976 and surging up again in 1978, the actual balance has, throughout the years of Conservative government from 1979 onwards, fluctuated at around 3 per cent of GNP. It takes the eye of faith to see much of a downward trend, even excluding 1986 and 1987.

The other side of the coin is that the British Government has been able to finance deficits of this size without too much trouble.

A forthcoming OECD study shows, however, that the British deficit to GNP ratio has remained remarkably stable since the late 1960s at around 60 per cent of GNP. At present levels, decisions about year-to-year changes in the deficit are best regarded as normal acts of economic policy rather than an attempt to reach some ideal debt ratio. (For countries such as the US, threatened with a debt explosion, the matter is different.)

The last two columns of the table show some attempted "corrections" by the OECD of the UK deficit percentages, not published in this form before. The final column, the inflation-adjusted structural balance, is printed mainly because some economists love to cite it. It leads to the ludicrous result of an apparently extremely tight fiscal policy in a year like 1980 because high inflation then reduced the real value of government debt rapidly

	Change in Nominal GDP	Change in RPI	UK GENERAL GOVERNMENT BALANCE % of GDP: Actual	Structural Balance	Inflation-Adjusted Structural Balance
1978	15.4	8.3	−4.2	−3.7	0.4
1979	17.6	13.3	−3.3	−3.3	2.5
1980	18.5	18.1	−3.5	−1.5	4.9
1981	10.0	11.9	−2.8	+0.7	5.1
1982	9.4	8.7	−2.3	1.3	4.7
1983	8.6	4.6	−3.6	−0.6	1.4
1984	7.2	5.0	−3.9	−1.4	0.6
1985	9.6	6.1	−2.6	−0.9	1.3
1986*	5.5	3.4	−3.1	−1.5	0.2
1987†	7.0	—	−3.3	−2.2	−0.3

* Estimate. † Forecast

SOURCE: OECD, NATIONAL INCOME BLUE BOOK, ECONOMIC TRENDS

The adjoining column for the structural balance is more serious. It shows the Budget balance as it would be if output were on trend. This has the effect of increasing the published deficit in a boom and reducing it in a recession.

Many such exercises are vitiated by being based — wishfully — on unemployment and growth rates normal up to 1973. Thus the corrections are excessively large and favourable. The OECD largely avoids this danger by basing its corrections on the peak-to-peak trend of output. As a working assumption, the next economic peak is put at 1990 and UK trend growth over 1979-90 taken as 2 per cent per annum.

This structural deficit again shows only moderate deviations since 1980 at around 1 to 1½ per cent of GDP, with the exception of the period of fiscal stringency in 1981-82. The circumstances surrounding that period, which ultimately led to the departure of several Cabinet ministers, were special; and the controversies need not be rehearsed again. More important is that the structural deficit threatens to rise seriously in 1987.

In general, a government claiming to follow sound finance should not spend the revenue buoyancy in a good year or increase taxes to make up deficiencies in a bad year. To say this is not just "neo-Keynesianism." It is a thoroughly sound and classical way of treating windfalls and shortfalls.

The background to the Budget is that because of the general buoyancy of incomes and spending—not to speak of a bonus from a higher oil price—the Treasury is likely to forecast, on traditional British definitions, a PSBR before tax changes of well below the £7bn level of the medium term financial strategy to which the Chancellor is pledged.

If the forecast emerges at £5bn—or £4bn or £3bn as it easily could—should the Chancellor remit the difference in

Public borrowing should be reduced as much below £7bn as revenue will allow

taxes or should he take the opportunity to reduce the PSBR?

The basic aim of monetary and fiscal policy should be to secure a growth of total spending, i.e. nominal GDP, appropriate for non-inflationary growth. In the past I have criticised the Treasury for trying to bring down the path of nominal GDP too quickly. But in 1987 it is turning sharply upwards and will be likely to rise by more than the Treasury's forecast 7 per cent, partly for inflationary reasons. A touch on the brake is required.

Should that touch be a fiscal or monetary one? The main impact of a reduced actual government deficit would be on overseas capital inflows—which, as we have seen in the US, bridge the gap between domestic savings and investment. As the balance of payments must balance, smaller overseas borrowing means a reduced current deficit. A little less spending at home will mean more goods available for exports and less money spent on imports, when supply potential is reasonably stretched.

After several years of large payments surplus and an enormous build-up of overseas assets, alarmism over the balance of payments of a 1960s kind is misplaced. The average independent forecast of the current deficit is ¾ per cent of GDP and the highest, 1½ per cent—compared with the US level of 4 per cent.

On the other hand, it does not make much sense for Britain (or the US) to remain a net borrower to finance not investment but government spending; and there is uncertainty about whether the payments deficit from 1988 onwards will be on a falling or rising trend.

Thus, one does not have to be an alarmist to say that there are risks that the balance of payments gap will be too high, and that the desirable direction in which to move it is back towards the black. *On top of this there* are the cruder dangers to currency confidence and political risks if individual months or quarters of bad trade figures do not seem to be corrected by policy.

All in all, the case is overwhelming for playing safe and reducing the PSBR as much below £7bn as the buoyancy of the revenue allows—especially as the economy needs a tax stimulus like a hole in the head. It is only on micro reforms that a modest remission can be risked.

Lombard

The case against nominee funds

By David Goodhart

COULD CITY scandals become to the Tory Party what Brent Council has been to Labour? There is little evidence to support such a view. The government is nevertheless sufficiently anxious about the electoral consequences of City scandal to have taken steps, over the past few weeks, which would surely have been denounced as "gross over-reaction" coming from a Labour administration.

Just as Labour was once said to be the only party which could restrain organised labour perhaps the Tory Party—propelled by political fear—is now best placed to discipline its supporters in the City.

Other aspects of this government's strategy—such as the creation of a new generation of shareholders and the increased flow of foreign earnings from financial services — may also now depend on a cleaner image for the City. Thu for those members of all parties and none who support tighter policing of the City here is a magnificent opportunity to press the Government to show it means business.

Take just the one topical issue of insider trading and nominee funds. Since 1980 the investigation of half of the insider dealing cases has run into the problem of offshore nominee funds. If this government wants to prove it is serious about making life more difficult for City crooks it could put new restrictions on how such secret funds are used.

This would not create insuperable difficulties. Indeed the government has gone some way down this path by giving the DTI powers to close down UK branches of, say, Swiss banks which refuse to reveal the beneficial owners of accounts.

There are, however, two problems. First, it is doubtful whether the DTI would take such action because it is caught in a classic internal conflict of interest as both the policeman of the UK securities industry and the promoter of its invisible trade balance (which has in the past benefited from relatively relaxed regulations). Second, closing down UK branches of foreign banks will simply not affect the majority of nominee funds and brass plate companies which have no branches.

The only solution is to ban members of the Stock Exchange (or any organisation covered by the SIB) from dealing with any nominee fund or account which is not prepared to identify its beneficial owner—an idea proposed by Tory MP Tim Yeo during the committee stage of the Financial Services Bill.

A predisposition towards transparency should benefit any marketplace. That does not mean all nominee funds could or should be banned. Unit trusts, pension funds and companies all have legitimate, bureaucratic, uses for nominee funds. But as secrecy is not essential for these purposes *there is no reason why funds* should not have to register their true beneficiaries with a body like the SIB. In return they would receive a clearance number which could be logged in any deal and any firm found trading with an unregistered nominee fund would face severe penalties.

This need not prejudice the secret accumulation of stakes by acquisitive companies as no-one but the SIB officials should know the beneficial owners. Those officials would only divulge the information to the DTI or Stock Exchange in the event of insider trading suspicions.

The system would not be unbeatable; the City is full of sharp lads who are paid large salaries to think of ways round such obstacles. But on the weeding-the-garden principle it may help clean things up for a while. The advantage is that it does not depend on the goodwill of the authorities in Panama or Liechtenstein although, incidentally, some offshore authorities—particularly the Isle of Man and the Cayman Islands—are increasingly open-minded about their traditional secrecy arrangements.

If the Government really wants to appear tough on its supposed friends in the City why does it not insist that all City professionals also have to register before dealing on their own account, or perhaps even ban them from dealing altogether? Many foreign firms in the UK already operate such rules so there should be little damage to the City's international role.

Letters to the Editor

Trade shadows lengthens

From the President, National Farmers' Union.

Sir,—Your leader of January 5 "Trade shadow lengthens" was disappointingly one-sided.

It is a matter of extreme regret that the Americans have decided to threaten retaliation against the EC for the consequences of enlargement. But it seems unreasonable to place the blame on the EEC when the Community has a strong case for arguing that its actions conform with international trade law and has established an interim arrangement by which American agricultural exports will not suffer pending a final resolution of the dispute by GATT.

You might also have mentioned, as recent articles in your paper have shown, that the American taxpayer pays far more for US agricultural support than his European counterpart.

Simon Gourlay,
Agriculture House,
Knightsbridge SW1.

Privatising airports

From Karen Hancock and Kim Swales

Sir,—Mr Powrie (December 30) delightfully exposed much of the humbug propagated by the airports lobby over the need for further airport provision. He balks, however, at supply being determined by the market mechanism on the grounds that this would give British Airports Authority huge monopoly profits. But is this a major stumbling block? Two issues are usually thought to be important in this sort of situation: a profit-maximising monopolist will restrict output to force up prices, thus making consumers pay more for less; and the distributional effects of monopoly profits are usually taken to be undesirable; consumers' interests should take precedence over shareholders'. But neither of these arguments carries much force in this case.

Airports could price-discriminate by auctioning-off individual access "slots" to the airlines. This profit-maximising behaviour implies that an airport would be prepared to sell any time-slot as long as an airline offered a price greater than the cost of servicing the landing. There is therefore no incentive for an airport to reduce access to force up prices. Under this scheme, the airport also captures all the economic rent from its favoured location. This would increase substantially the profits from at least some of the BAA airports. The value of these increased profits, however, would be incorported into the share price for BAA when it is privatised later this year. Air travellers will lose, but the taxpayer will gain. Is this terribly unfair?

As Mr Powrie states, the issues of airport provision and operation are very important and involve substantial amounts of money. Given that we are going to get a privatised BAA, why not give the market a chance?

Karen Hancock, Kim Swales.
118, Calder St, Govanhill, Glasgow.

Accountability at local level

From Mr W. Charsley

Sir,—Mr Wilfred Aspinall (January 2) posed the question "what controls would be instituted over high spending local authorities?"

In the first instance, because local accountability should be the cornerstone of effective local government, in principle those who use the services provided should be prepared to pay for them.

Implementation of the "community charge" will require everyone 18 years and over to contribute. It is reasonable to assume therefore that many more people will have a direct interest and concern in the way their money is spent in providing local government services. This being the case, there will be far greater pressure on local councils to provide effective "value-for-money" facilities; such public pressure will give *increased* significance in the use of the ballot box to ensure the public accountability of elected members.

Clearly, this being the case, elected members would, no doubt, be even more insistent that the officers serving them should be equally accountable in the administration of council policies.

In so far as the officers are concerned the following points should be borne in mind. There is a massive task to create the right approach with regard to management development. At the end of the day it is people (particularly managers) that create effective (and not just efficient) change. The eternal problem of the public sector is to relate accountability to the relevant authority (i.e. the "proper officer") and to highlight the "buck passers." Conversely, many able managers are frustrated by the limitations placed upon their roles, and they see little opportunity for career advancement.

The end result for rate payers, more often than not, is a low "value-for-money" performance by local councils.

Walter F. Charsley.
29, Alma Way,
Heath End,
Farnham, Surrey.

Property tax

From Mr J. Sinclair

Sir,—Your interesting article of January 2 favours the introduction of a value based property tax over a straight land tax on the grounds that it would have "no effect on work incentives" and it would "capture revenue from rising values—more reliably bouyant than a land tax."

The first supposition is obviously questionable. The incentive to improve property would decline. The tax would depress activity in the building trade.

The second seems to assume that property prices are not linked with land values. This is unlikely, because from the minute a building is complete it starts to deteriorate; the value of the bricks and mortar declines. It is the market pressure to occupy that particular site that inflates the value.

Your correspondent is right to conclude that the major drawbacks to a simple land tax are vested interests—land owners, farmers, etc. But the intrinsic justice of the proposition easily outweighs risk of upsetting these interested parties.

The land tax returns to the people the values of the land which are created by them. Their presence determines the land prices.

Unlike a value based property tax, a land tax does not attack the fruits of man's endeavours. It merely reclaims the advantages confirmed on a particular site by the community and by the creator.

The Chancellor could have no better supporters for his next budget.

Jeremy Sinclair.
Millfield Cottage,
Millfield Lane,
Highgate, N6.

Breach of trust

From Mr M. Brady

Sir,—While sympathising with the thrust of Professor Myddelton's argument (December 29) that successful speculation promotes coordination in the market, it is clearly the case that some investors are harmed by insider activity. More *specifically*, those investors who buy a stock after insiders have bought it, will pay a higher price than they would otherwise pay; and those who sell a stock after insiders have sold it, will receive a lower price than they would otherwise receive.

Although it does not follow that insider activity as such should be a criminal offence, I am sure that Professor Myddelton would agree that those insiders who are guilty of a breach of trust may justly be fired from their positions of trust and *rightfully* are liable for restitutive damages arising from civil actions—as has been and remains the law.

Mark Brady
(Assistant Professor of Economics),
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1050 North Mills Avenue,
Claremont, CA 91711, USA.

Distorting the judgment

From Mrs P. Stone

Sir, — Professor Myddelton asks (December 29) "how are honest investors harmed by insiders?"

Insider dealing can distort the judgment of top management; consider how the gain, which could be achieved by a dominant individual deploying price sensitive information, could outweigh the wider interests of the company.

Mr Sheppard's point of stamping out nominee names (December 30) should also apply to dealing in options.

(Mrs) Philippa J. Stone.
26 The Drive, E18.

Insider dealing

From Professor D. Myddelton

Sir,—Mr D. Barnes (December 31) says: "There is . . . an element of risk in share investment which must be borne by all who invest in the stock market, and which the insider by definition seeks to avoid."

But modern financial theory distinguishes between specific (or "unique") risk relating to a particular security, which investors can avoid by holding a suitably diversified portfolio, and market (or "systematic") risk, which cannot be avoided. (This does lead to certain noteworthy conflicts of interest between managers and shareholders.)

According to the theory nobody can avoid market risk; but if "honest investors" hold suitably diversified portfolios they can avoid specific risk, and thus avoid being harmed by insider dealing.

(Professor) D. R. Myddelton.
Cranfield School of Management,
Cranfield, Beds.

FINANCIAL TIMES

Thursday January 8 1987

Anthony Robinson in Johannesburg reports on Africa's oldest liberation movement

Winds of change swing in ANC's favour

THE African National Congress (ANC), Africa's oldest liberation movement, today looks back on 75 years of struggle to create a non-racial society. Its prestige is at an all-time high but its goal still lies tantalisingly out of reach.

Its origins date back to January 8, 1912 when several hundred blacks, representing the cream of traditional tribal and aspiring middle class black society, assembled in Bloemfontein to form the South African Native National Congress. It was founded by moderate, even, conservative, blacks, in a mood of anguish and foreboding.

Hopes that the British victory in the Anglo-Boer war 10 years earlier would create a more liberal South Africa and extend the franchise and land rights of blacks had been dashed by the 1910 Act of Union.

Rather than extend existing black franchise rights in the Cape province, the Act, exclusively designed to re-unite white Afrikaans and English-speakers, provided instead for their abolition. Three years later, the 1913 Land Act deprived thousands of blacks of their land and limited black land ownership to the reserves.

The continuing deprivation of political, social and economic rights has ensured ineradicable grass roots support for the main symbol of black aspirations despite unremitting repression and barrassment.

Pretoria complains that the ANC is a terrorist organisation. But for the first 50 years of its life, the ANC was committed to non-violence. It was only when driven underground in 1960, the year of the Sharpville massacre, that its exiled or clandestine leadership embraced a strategy of overthrowing white power through a people's war.

Government propaganda continues to try to persuade whites that the ANC is just a terrorist organisation hijacked by Communists. Its leaders are either in jail, such as Nelson Mandela, Walter Sisulu and Govan Mbeki, or in exile, where Oliver Tambo heads the organisation from a cluster of shabby offices off a back alley in Lusaka, the Zambian capital.

Bearing arms – a mourner at the funeral yesterday of a victim of recent unrest in the South African township of Queenstown carries a wooden gun as a symbol of guerrilla warfare against apartheid.

Further afield, the ANC has an estimated 10,000 trained guerrillas in camps in Angola and Tanzania and possibly another 1,000 infiltrated at great risk into South Africa itself. Their task is not to engage the most powerful army in Africa in a head-on military struggle but to engage in what the Government calls acts of terrorism and the ANC perceives as acts of "armed propaganda."

Its real strength, however, lies in the extent of its passive support within South Africa's black majority and the worldwide sympathy for its struggle. Later this month, Mr Tambo flies to Washington for talks with Mr George Shultz, the US Secretary of State, the culmination of years of diplomatic efforts to gain international recognition as a key element in South Africa's future.

Yet, less than three years ago at the time of the March 1984 Nkomati accord between South Africa and Mozambique, the ANC appeared to have hit a new low. Its guerrilla wing, Umkhonto We Sizwe (Spear of the Nation) had been virtually expelled from Mozambique and President P.W. Botha was touring European chancelleries as a harbinger of reform and good neighbourliness.

The picture has changed since, the result not so much of ANC effort than the last 30 months of violent black opposition which has cost over 2,200, mainly black, lives. They have made unworkable Pretoria's strategy of modernising apartheid and co-opting "moderate" blacks into institutions designed to preserve the essence of white control.

The failure of the Government's reform strategy, designed to lessen its dependence on repression, has obliged Pretoria to re-introduce a state of emergency and detain over 20,000 black "activists."

In effect, South Africa is in a state of violent equilibrium. The black opposition is powerful enough to thwart the Government's reform plans but nowhere near powerful enough to overthrow a government in full control of the army and police.

Pretoria's portrayal of the ANC at the head of an imminent "revolutionary onslaught" which justifies draconian security measures raises the prestige of an external leadership which, in reality, has more often reacted to events than shaped them.

Despite efforts to step up the infiltration of armed guerrillas and the planting of limpet mines in cities and landmines in rural areas, the campaign to make 1986 the "Year of Umkhonto We Sizwe" was not a great success.

White complacency has not been unduly disturbed by scattered bomb attacks and black radicals in the townships still have their doubts about the "softness" of the ANC external leadership following the non-arrival of promised deliveries of arms and trained Umkhonto cadres.

Today in Lusaka, Mr Tambo is expected to unveil the ANC's latest assessment of the struggle ahead. Universally respected for the way in which he has managed to keep the ANC together, Mr Tambo, a 69-year-old lawyer and devout Christian, is under strong conflicting pressures.

The young radicals who crossed the border after 1976 are still a small minority in the organisation's 30-strong national executive committee. But many are chafing at their forced inactivity in camps far from home, while there is no mistaking the pressure for decisive action from the radical youth of the townships, the trade unions and those detained under the most stringent emergency regulations yet.

But Pretoria, girding itself for a white election later this year, has the security forces on full alert and is determined to break black perceptions of a revolution around the corner.

The underlying balance of black/white power has shifted in the ANC's direction. The inexorable rise in the black population, the greater literacy and sophistication of blacks and their growing role in the economy all indicate that time is on their side.

As white business leaders, academics, churchmen and politicians such as Mrs Helen Suzman have warned, failure to negotiate with the present generation of leaders, including Nelson Mandela, will only make future negotiations with the tougher new generation more difficult.

Meanwhile, the economy, faced with growing sanctions and the cut-off of foreign capital, can only decline.

As the ANC moves into its 76th year, the way ahead is as obscure as ever. But the Government, too, is running out of options, and for a growing number of disillusioned whites the non-racial option held out by the ANC seems at least worthy of exploring. After all without their co-operation – and especially that of the predominantly Afrikaner civil service and security forces – South Africa would be ungovernable. Nobody can be more aware of that than the present leaders of the ANC, including its Communist Party contingent.

Guinness board will discuss controversy

BY DAVID LASCELLES IN LONDON

DIRECTORS of Guinness, the UK brewing group, last night summoned a full board meeting for next Wednesday to consider the mounting controversy surrounding the company and its financial activities, currently under investigation by the Department of Trade and Industry (DTI) inspectors.

After a series of urgent talks in a secret location over the last two days, the directors said it was recognised "that a full board meeting must take place at the earliest opportunity."

The talks included both Guinness' own executive directors and four of the five non-executive directors who were appointed to the board last year to provide outside representation.

A statement last night said that board members had held meetings with Mr Olivier Roux, the finance director, and Price Waterhouse, its auditors, to brief them on the circumstances of the DTI inquiry.

"They have taken and are continuing to take urgent steps to satisfy themselves as to the full implications of what they have learnt."

This new initiative by board members follows widespread suggestions in recent days that Guinness may have breached the UK Companies Act by helping to finance the purchase of its own shares during last year's fierce takeover battle for the Distillers company in order to boost the value of its bid. It is also a recognition that the company cannot await the outcome of the DTI inquiry before reviewing its position.

Guinnes has always denied any wrongdoing. However, questions have remained unanswered about a number of its actions during the Distillers bid, notably its transfer to the Henry Ansbacher, the UK merchant bank of £7.6m ($11.02m).

Acting on instructions from Morgan Grenfell, Guinness' advisers, Ansbacher claim that the money was to buy Guinness shares. However, Guinness maintains that the money was only a deposit, and on Tuesday it asked for it to be returned, something Ansbacher is refusing to do.

The transfer was initiated by Mr Roux, who was singled out by last night's statement as the executive most familiar with the affairs that are being investigated.

The statement did not mention Mr Ernest Saunders, the company's chief executive, whose position has been under mounting pressure because of the controversy. He has denied any intention to resign although there has been speculation that he might stand aside until the investigations are completed.

In rejecting Guinness's request for the return of £7.6m, Ansbacher yesterday raised the liklihood that the dispute over the money will be taken to court.

In a lengthy reply drafted with its lawyers, Ansbacher stands by its position that it used the money to buy Guinness shares on the instructions of Morgan Grenfell. If Guiness has a quarrel, Ansbacher says, it must be with Morgan Grenfell.

The detailed 10 point letter to Guinness's solicitors Kingsley Napley, says that Ansbacher has been advised that questions of illegality surround the money, and that it should not deal with Guinness's request until these have been cleared up.

Ansbacher also says that it is still waiting to be told exactly who the 2.1m Guinness shares which it holds belong to.

Guinness says the money was an interest-free deposit which Ansbacher must return on January 20, or risk legal action. The letter from Kingsley Napley says it was planned by Mr Roux, and was intended to be left for a month at the most. It was transferred in May.

London widens insider dealing inquiry after new information

BY DAVID LASCELLES AND PETER RIDDELL IN LONDON

NEW information about potentially illegal insider dealing in the City of London has emerged, prompting the UK Department of Trade and Industry (DTI) to extend its inquiries.

The DTI announced yesterday that it had asked one of the two inspectors it appointed in November, Mr Graham Kennedy, to stay on. The other inspector, Mr Peter Scott, QC, cannot continue because of prior commitments, and he is to be replaced by Mr Henry Brooke, QC.

Mr Graham and Mr Scott have just reported the results of their inquiries into the case triggered by the resignation of Mr Geoffrey Collier, the joint head of securities operations at Morgan Grenfell, the merchant bank. These will be considered by Mr Michael Howard, the Under-Secretary for corporate and consumer affairs. But the DTI said last night: "However, certain recently received information requires further investigation."

It did not say what this information was. But the decision to probe further follows persistent reports in the City that the inquiry has been widened to include several more stockbroking houses. It had been assumed in the financial district that evidence produced by the Collier affair would trigger allegations of insider trading by others.

In effect, this is a second stage of the Collier case and does not amount to a wholly new investigation.

Mr Collier resigned after admitting insider dealing, and he was charged a month ago with offences connected with transactions in the shares of AE, the engineering group.

The DTI emphasised yesterday that the new Financial Services Act, which confers special powers on inspectors, does not require their reports to be published. Because of this, Mr Paul Channon, the Trade Secretary, does not propose to publish the results of the inquiries.

Banks may seek tunnel support

BY PAUL BETTS IN PARIS

FRENCH and British bankers planning to raise £750m ($1.1bn) in a crucial public share offer for the Channel Tunnel are considering setting up a series of underwriting syndicates to ensure the success of the issue this summer.

Failure to raise the targeted amount could put in jeopardy some £5bn in loans and standby credits already agreed with more than 40 international banks.

A £206m institutional share placing in October for Eurotunnel, the Anglo-French tunnel consortium, ran into last-minute difficulties. While that fund-raising finally met its target in the UK and France, it failed to bring in as much money as originally hoped in other international markets, especially the US.

French bankers claim that the decision not to opt for underwriting syndicates for the institutional placing was one of the reasons why the recent private placing turned out in the end a nailbiting affair.

French and British banks are now studying proposals to form three underwriting syndicates – one French, one British and the third international.

The French syndicate would be led by the three French banks involved in the Channel Tunnel project, including Banque Indosuez, Crédit Lyonnais and Banque Nationale de Paris. The French bankers hope to extend their syndicate to other French banks and financial institutions.

The UK syndicate would be led by Robert Fleming and Morgan Grenfell although other merchant banks would join them, including, it is understood, Samuel Montagu and County Bank.

The international syndicate is expected to be led by Salomon Brothers, Deutsche Bank and Nomura of Japan. But the French bankers say they hope to include banks from other European countries, such as Switzerland, Belgium and the Netherlands. The feeling in Paris is that while the response in the US to the previous fund-raising was disappointing, there appeared to be investor interest in European countries apart from France and the UK.

The bankers are also considering a range of financial instruments to make the latest plan more attractive. This could include not just offering straight equity but also a combination of convertible loan stock to enable investors to receive an annual dividend payout.

Straight equity would not earn investors a dividend for at least seven years until the tunnel comes into operation. The French bankers say that European investors, especially, would find convertible loan stock a more attractive proposition to straight equity in a complex and ambitious project like the fixed link.

World Weather

		°C	°F
Ajaccio	S	12	54
Algiers	F	18	[illegible]
Amsterdam	Sn	-1	30
Athens	C	10	50
Bahrain	S	21	70
Bangkok	S	32	90
Barcelona	F	10	50
Beirut	R	14	57
Belfast	S	0	32
Belgrade	C	0	32
Berlin	F	-3	27
Biarritz	S	8	46
Bombay	S	27	81
Bordeaux	C	5	41
Brussels	S	-1	30
Budapest	S	-2	28
B. Aires	S	29	84
Cairo	F	16	61
Cape Town	S	21	70
Caracas	C	25	77
Casablanca	S	21	70
Chicago	C	2	36
Cologne	Sn	-3	27
Copenhagen	S	-7	19
Corfu	R	9	48
Dallas	—	—	—
Dublin	F	1	34
Dubrovnik	S	8	46
Edinburgh	S	1	34
Faro	F	14	57
Florence	C	9	48
Frankfurt	F	-2	28
Funchal	F	18	64
Geneva	F	1	34
Gibraltar	F	17	63
Glasgow	S	0	32
Guernsey	F	4	39
Helsinki	F	-25	-13
H. Kong	S	20	68
Innsbruck	C	-3	27
Inverness	C	2	36
Islamabad	S	21	70
Istanbul	S	7	45
Jakarta	R	30	86
Jersey	S	5	41
Jo'burg	S	27	81
Lima	C	26	79
Lisbon	C	9	48
London	C	3	37
Los Angeles	R	9	48
Luxembourg	C	-3	27
Madrid	S	5	41
Majorca	C	10	50
Malaga	F	17	63
Malta	C	15	59
Manchester	S	3	37
Manila	S	32	90
Melbourne	—	—	—
Mexico City	S	26	79
Miami	C	16	61
Milan	S	9	48
Montreal	Sn	-2	28
Moscow	S	-26	-15
Munich	F	-5	23
Nairobi	F	26	79
Naples	C	10	50
Nassau	S	25	77
New Delhi	F	20	68
New York	F	3	37
Nice	S	11	52
Nicosia	F	16	61
Oporto	S	10	50
Oslo	S	-20	-4
Paris	F	1	34
Peking	S	0	32
Prague	F	-8	18
Reykjavik	D	5	41
Rhodes	C	17	63
Rio de Jo	S	36	96
Rome	F	12	54
Salzburg	Sn	-5	23
San Francisco	S	6	43
Seoul	R	1	34
Singapore	R	24	75
Stockholm	F	-22	-8
Strasbourg	C	-2	28
Sydney	F	27	81
Taipei	S	23	73
Tangier	S	14	57
Tel Aviv	C	16	61
Tenerife	S	23	73
Tokyo	C	9	48
Toronto	C	3	37
Tunis	C	13	55
Valencia	S	14	57
Venice	S	2	36
Vienna	C	-5	23
Warsaw	S	-21	-6
Washington	C	3	37
Zurich	Sn	-3	27

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

France retaliates

Continued from Page 1

ernment has played down the scale of the Libyan action. Indeed, Paris regards last Sunday's raid as a face-saving operation by Libya, which has suffered an increasing series of setbacks in northern Chad.

The Libyan army is fighting the Chadian army, now reunited with former opponents of Chad's President, Mr Hissene Habre. Last week, according to French officials, the Chadians captured the Libyan garrison of Fada, inflicting heavy damage.

The same officials said the French Government had spent the past few days studying a possible response to the Libyan raid which would be designed more as a gesture than an action risking an escalation of the Chad conflict.

Mr Jacques Chirac, the French Prime Minister, made it clear during a broadcast on Tuesday that he had no intention of engaging France in "an adventure" in Chad. He also described the Libyan raid as "an insect bite."

According to French officials, there are now about 8,000 Chadian troops in the north of the country helping some 2,000 supporters of Mr Goukouni Oueddei, the former Chadian ally of the Libyans, who is now reconciled with President Habré.

Mr Oueddei is currently under house arrest in Tripoli, while his supporters are fighting their former Libyan allies in the north.

Chinese take hard line

Continued from Page 1

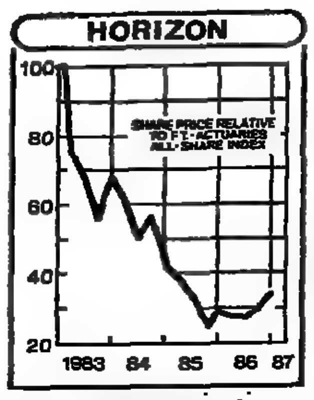
for then removing the right to put up posters from the Chinese constitution.

However, his reference to distinguishing positive from negative suggests that he does not yet wish to close down debate among students so long as major public disruption goes no further. It is significant that three days after Deng wrote the letter Vice Premier Li Peng personally ordered the release of some arrested Peking students, showing that some tolerance remained and that the leadership was still being gentler with students than others involved in the disturbances.

THE LEX COLUMN

Paribas at the Bourse

It may be early days, but 1987 is looking enticingly reminiscent of the start to 1986 in the equity market and fund managers dare not miss out. All-time highs in the FT-SE 100 and the All-Share are a response to peaks around the world, forecasts of strong earnings growth, and another attempt on the 10 per cent yield barrier by gilt-edged stock. The difference is that last year lower oil prices were the extra good news, this time it is higher oil prices. Fair enough; $10 oil while it lasted, did not do much for profits. But will $18 oil?



Paribas

It is not as if the markets had been deprived lately of chances to put their money into global investment banks, but the absence of a scarcity premium for the sector should do nothing to damage the prospects for the re-flotation of Paribas later this month.

Metro strikes and EMS wrangles notwithstanding, the political climate for French privatisations still appears to be set fair, and the French Government is doing its best to create an air of scarcity – and stable share register for the next couple of years – by tucking away chunks of shares with trustworthy institutions outside the main offer for sale.

Though Paribas cannot expect to slug it out with the large Japanese houses in the US market, and its profitability in Eurobonds at number eight in the league table is nothing like as high as for a bank in the top three, it derives enormous strength from its position in the developing French capital markets. However disarmingly the Paribas management denies-exploiting its portfolio of industrial investments, there is no doubting that Paribas has the politer sort of armlock on a large number of the leading French corporate customers.

Given that losses of FFr 200m in Credit du Nord will not recur this year, once redundancy costs are out of the way, it is hard to see Paribas making less than FFr 1.8bn before achieving anything in the way of growth in the rest of its business. The baseline for 1987 profit forecasts is thus FFr 2bn. Assuming that the preferred Certificates already in issue are eventually to be converted on approximately a one-for-one basis, the market price of FFr 432 points to an issue price close to FFr 400, and a prospective multiple of around 10.

Since the flow of other privatisations will make it virtually impossible for Paribas to have a rights issue in the next year or so, and the opportunity to stack the capital base with perpetual floating rate notes has probably vanished, it is as well that Paribas has already strengthened its equity base. Asset growth may still be constrained; but so long as the bank concentrates on investment banking (and perhaps rids itself of a restored Credit du Nord) that may be no bad thing.

Horizon Travel

The power of the binoculars required to scan Horizon's horizon for the full trading recovery has diminished, but that looked-for event is still some way off. A so-called trading profit of £1.65m in the 11 months to October against a loss of £1.98m is only the first step, and anyway was helped to the tune of £½m by cutting out November.

In actual trading, although, Horizon's progress has been admirable. After getting the market so wrong in 1985, persuading travel agents to send clients on Horizon holidays in 1986 must have been quite a struggle. A measure of the cost in price cuts is that an 80 per cent increase in the number of holidays sold, from 352,000 to 633,000, translates into only a 46 per cent gain in group turnover.

After increasing market share, from 5 to 8 per cent last year, and to around 11 per cent so far this, Horizon's next trick is to rebuild margins: much harder to perform. Cost cutting and management changes have been part of the battle. Price increases and higher volumes will have to do the rest.

With uncertainties like exchange rates, fuel prices, and Horizon's competitors' need to sell holidays, forecasting profits is almost pointless, but a base of perhaps £5m this year could be well beaten if all comes right. The tax charge is another moveable target, but 10 per cent would give a multiple of 16½ with the shares up 2p to 151p yesterday.

More relevant to the shares is the stake building which has helped the price up in recent months. Net assets at 158p per share are probably understated by at least 20p, but that does not leave very much leg room for a bidder. One way or another investors will have to wait.

Eurotunnel

After the difficulties that Eurotunnel had in placing its second tranche of equity – even among those institutions lucky enough to be favoured with a personal call from the Governor of the Bank of England – there was bound to be a good deal of strenuous creative thinking about arrangements for the public offering. If the final £750m failed to materialise next summer, existing shareholders would be entitled to feel a certain amount of grief.

As might be expected, the anxiety that is associated with this enterprise seems to be producing the maximum number of fail-safe devices ever attached to any issue anywhere. No fewer than three underwriting syndicates are to be set loose. And to reach investors other than the confirmed long-term risk-takers already on the share register, there is likely to be a choice of different Eurotunnel instruments, including a convertible loan. If the issue is truly to cater for all financial tastes, it might perhaps include a Euroferries-type debenture for high-tax payers, carrying dividends in the form of guaranteed free passage. But it is possible that by next summer – let alone that of 1993 – there will be fewer high marginal rates for tax payers to avoid.

The following are a selection of the General Appointments that appeared yesterday

- European Investment Manager
- Chief Financial Executive
- Corporate Dealers
- Recoveries Manager
- UK Institutional Sales
- Stockbrokers
- Equity Investment Manager
- Head of Marketing
- Business Analyst
- Company Secretary
- Director Finance and Development
- Corporate Finance
- Financial Consultant
- Sales Executive
- Pension Fund Manager

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
LONDON · FRANKFURT · NEW YORK

INTERNATIONAL APPOINTMENTS

L. F. Rothschild resignees move to American Express

BY OUR FINANCIAL STAFF

MR THOMAS I. UNTERBERG and Mr A. Robert Towbin, who last month resigned as the top executive of L. F. Rothschild, Unterberg, Towbin, the New York investment bank, have joined the investment banking division of Shearson Lehman Bros the offshoot of American Express.

Mr Unterberg, formerly chairman and chief executive of Rothschild, and Towbin—who had been vice chairman, parted ways with the concern when a dispute arose over its future direction. Mr Unterberg and Mr Towbin have joined Shearson as managing directors, with duties to direct its domestic and international technology group.

Mr Towbin is also to serve on Shearson's investment banking policy committee. The two are to have responsibility for Shearson's venture capital investments.

● It was announced shortly before Christmas that the chairman and vice chairman of L. F. Rothschild, Unterberg, Towbin Holdings, which went public earlier this year, were to resign.

Mr Thomas Unterberg and Mr Robert Towbin, who turned the bank into the prime underwriter of technology stock offerings in the early 1980s, have been replaced by two joint chief executives, Mr Robert Schoenthal and Mr Francois Mayer. The market for high-tech initial public offerings has been weak since 1984, and it is understood that the new executives had pushed for greater emphasis on trading in government and mortgage-backed securities and asset management.

In December, the New York Federal Reserve awarded Rothschild the right to operate as a primary dealer in Government securities.

Mr Mayer came to Rothschild from the London operations of Mr Jacob Rothschild's J. Rothschild Holdings, which owns some 8 per cent of the New York bank. Last year, the bank fought off a takeover bid from General Felt.

United Mizrahi fills top post

BY JUDITH MALTZ IN TEL AVIV

MR MICHAEL ZVINERI has been appointed managing director of the United Mizrahi Bank, Israel's fourth largest bank, in place of Mr Moshe Man, who submitted his resignation two weeks ago because of "personal reasons," only five months after taking up the post. Mr Zvineri has until now served as deputy managing director of bank.

In another top management change, Mr Yithak Yager was last week named chairman of the bank, following the resignation of Mr Haim Nedivi, who had agreed to join the bank for a three month period. Mr Yager has until now been the managing director of Mishav Development, a construction company owned by the National Religious Party, which also controls the bank.

The United Mizrahi Bank has been recently plagued by managerial in-fighting and financial difficulties. It was the only one of Israel's major commercial banks to find itself in the red in the first half of 1986, posting losses equivalent to US$5m.

Economic counsellor for IMF

THE International Monetary Fund (IMF) has appointed Mr Jacob A. Frenkel, a university of Chicago professor, as economic counsellor and research director. Mr Frenkel succeeds Mr William C. Hood, of Canada, who has retired.

Mr Frenkel, 43, has most recently been the David *Rockefeller Professor of* International Economics at the University of Chicago.

Director for Bear Stearns

By Our Financial Staff

BEAR STEARNS International Ltd, the UK-based offshoot of the Wall Street investment house, has announced that Mr Francois Mouté has joined the company as a director. Mr Mouté is to provide European institutional investors with *investment* advice and trading services in US equity issues from the house's Geneva office.

Mr Mouté was previously senior vice president and principal at Donaldson Lufkin & Jenrette, of the US, from 1976 to January 1986.

Bear Stearns International is a wholly-owned subsidiary of Bear Stearns & Co Inc, the securities business of the Bear Stearns Companies.

Canadian National elects new chief

BY ROBERT GIBBENS IN MONTREAL

RONALD LAWLESS, 62, has been appointed chief executive officer of Canadian National Railway Company, in succession to Mr Maurice Leclair, 59, who has also been chairman. Mr Leclair took early retirement, after first joining CN nearly 10 years ago as vice president finance.

Mr Lawless moves as president of the CN rail division, Canada's largest rail network, and retains this post. The position of chairman of CNR has not been filled.

CNR is owned by the Government. The corporation includes the rail division, hotels, real estate and other subsidiaries, but is expected to show a major loss for 1986 as a whole, following a C$10.4m (US$7.5m) loss for the third quarter.

The main problem has been the depressed results of the rail division and greater competition from trucking companies. The company recently sold off its loss-making trucking unit.

GMAC picks chairman

GENERAL MOTORS Acceptance Corporation, the vehicle financing and insurance offshoot of the Detroit concern that is the world's biggest car maker, has elected Mr John R. Edman its chairman.

Mr Edman, who has been vice *president and group executive* of GM's finance group, succeeds Mr Robert F. Murphy, who retired on January 1 from the post at the non-consolidated subsidiary of the group.

The move is part of a number. Mr Gordon R. Samardich, a GMAC executive vice president takes up the new post of vice chairman of GMAC, with responsibility for worldwide borrowing, finance and strategic planning.

Mr Raymond M. McCarthy, GMAC president, is to be in charge of worldwide operations, marketing, mortgage banking and insurance.

Mr George G. Fenner, GMAC vice president in charge of marketing, is to succeed Mr Samardich *as executive vice* president in charge of operations.

* * *

CONSOLIDATED NATURAL GAS COMPANY, of Pittsburgh, has announced that Mr George A. Davidson is to be chairman and chief executive from May, in succession to Mr G. J. Tankersley, 66, who is to retire. Mr Davidson, 48, is currently vice chairman and a director of the corporation.

Accountancy Appointments

Accountancy Appointments

Financial Controller

to £28,000 + Car

This is a high profile Financial Controllership with the UK affiliate of a major US multinational requiring previous top management exposure in a similar environment, well developed management skills and the obvious potential to move to a Finance Director or equivalent position within the International Organisation. The present vacancy has occurred as a result of a similar move.

The International Group is a large, profitable, expanding business with specialist consumer product brand leaders and the UK affiliate represents an important R & D, manufacturing, marketing and distribution entity.

The Financial Controller will manage a staff of 18 organised in 3 teams responsible for production accounting (including standard costing systems), financial accounting and reporting, and a comprehensive financial planning activity. Systems are extensively computerised, deadlines are tight, and high standards of accounting, reporting and financial planning are already maintained.

Applicants should be graduate Chartered Accountants with audit experience in an international firm and at least 5 years subsequent experience of financial planning, analysis and control in an American multinational. The mobility to pursue an international career is required. (The initial location is North Kent). Relocation assistance is available where necessary. Age guideline—33-37.

Please apply in confidence quoting ref. L272, to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
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Birley's

Financial Controller

Age 27-30 **c.£25,000 + bonus**

This is a unique opportunity to become the first qualified accountant in Birley's, a rapidly expanding exciting young company. The firm is already well known as the leader in the provision of high quality food and sandwiches to the City. Head Office is in the Royal Exchange.

Reporting to a young Managing Director, the new man or woman is to be responsible for the complete financial and administrative function, with emphasis on producing prompt management information and the provision of wise professional advice. Future plans include Head Office computerisation.

This challenge will suit those with post-qualification experience who are now ready to create their own department and control systems. The ability to communicate financial matters quickly and clearly is essential. Branches are well organised, with modern point of sale systems.

Salary is negotiable around £20-25,000 plus bonus. Promotion to the Board depends upon performance and future profitable growth. Expansion is planned to lead to a USM floatation in a few years time.

Please send full career details to R N Orr, stating if in confidence, quoting reference M2821, or telephone for more information or a form.

Roland Orr & Partners
Management Consultants
12 New Burlington Street, London W1X 1FF Telephone 01-439 6891

Extel

Financial Controller

Systems Support Division
c£28-30,000 + car + benefits
Herts/Bucks borders

Through growth and acquisition, the Systems Support Division of Extel is renowned throughout the UK as a leader in high technology support and maintenance.

Operating as a largely autonomous unit of this major public company the services provided extend beyond the parent company to other major IT suppliers.

Following a recent acquisition and subsequent re-structuring, the need has now been identified for an experienced Financial Controller.

Responsibilities will include the setting up of new accounting systems (including purchasing appropriate computer systems), the preparation of budgets and forecasts and playing a major role within the Executive Committee of the division.

Ideally aged around 30, an accountancy qualification (ideally Chartered) is essential. A minimum of 4 years' experience in industry is also required. Of particular importance, however, will be the ability to make a major contribution within this role and the potential to progress within the group overall.

In addition to an attractive salary, benefits will include car, pension and, after a qualifying period, participation in the group profit share scheme.

Please write with full CV and salary details quoting reference MCS/4001 to Miles Holford
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

INTERNATIONAL SEEDS BUSINESS

Systems Development Accountant

Imperial Chemical Industries PLC

Initially East Midlands **c£20,000**

International Seeds Business is a brand new division of ICI which has been created to take advantage of the opportunities offered by advances in biotechnology and genetic engineering research. The business is currently acquiring commercial stakes in established seed companies in key western markets to provide the vehicles for commercial exploitation of the technology in the future.

A high profile role has arisen for a systems development accountant to work on a project basis, assessing systems development needs in newly acquired businesses and managing the implementation of those recommendations. Although reporting to the Planning and Finance Manager at the head office near Haslemere in Surrey, the initial project will be based in a newly acquired UK subsidiary and the appointee will report on an operational basis to the MD. This is a key role in helping to establish the Seeds Business commercial network. It offers invaluable, broad based operating unit experience in a highly commercial environment and the opportunity to join a major business of the future in its early stages of development.

Applicants should be qualified accountants with several years' experience of computer based systems development, who can demonstrate the intellect, drive and ambition required to succeed in a highly competitive fast growing environment.

Career prospects are excellent—either within the Seeds Business itself or through one of ICI's other major divisions.

Interested applicants should contact Gary Watson quoting ref. N5004 on 0602 410130 at Michael Page Partnership, Imperial Building, Victoria Street, Nottingham NG1 2EX.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Corporate Finance

Scotland

A major organisation in the financial services sector is expanding the scope of its corporate finance activity and is seeking to appoint a head of Corporate Finance in Scotland.

Responsibility will be for developing the corporate finance activity and for establishing a high quality team of professional advisers who will work closely with colleagues throughout the UK.

The requirement is for broadly based corporate finance experience acquired in merchant banking, development finance or possibly within a large corporation. A legal, accounting or business school qualification is essential.

Remuneration is negotiable and unlikely to be a limiting factor.

Age: 35-45. Location: Glasgow.

Please write in complete confidence to Peter Craigie as adviser to the organisation.
Arthur Young, Corporate Resourcing, 17 Abercromby Place, Edinburgh EH3 6LT.

Arthur Young Corporate Resourcing
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Financial Adviser

Family Group with International Interests

£25,000 + with excellent benefits

Central London

This is an unusual and interesting career opportunity involving the provision of financial advice to a successful family group with substantial capital investments both in the UK and overseas.

The work will be widely varied and will include the investigation of possible investment opportunities, assisting in funding negotiations and performing a co-ordinating role between the family and the companies in which they have invested.

The successful candidate is likely to be a Chartered Accountant aged around 40 with experience of corporate financing and a working knowledge of company and personal taxation. Familiarity with property developments is a prime requirement.

Please send concise details, including current salary and daytime telephone number, quoting reference N2003 to A Moynan, Executive Selection Division,

Grant Thornton
Management Consultants
Fairfax House, Fulwood Place, London WC1V 6DW.

FINANCIAL DIRECTOR DESIGNATE

c. £22,000 + Benefits

Is required by an expanding manufacturer and distributor of laboratory and safety equipment based in South Avon. The successful applicant will be a qualified accountant with suitable commercial experience who will join an existing young management team.

Responsibilities will extend beyond financial control and reporting into a positive management role in the development of this profitable, venture capital financed business.

Written applications with detailed CV's to:—

R MacFarlane / M D Brown
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16 Union Street, Bristol, BS1 2DQ.

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You will be at least in your late twenties, computer numerate, and will have an accountancy qualification with 3-5 years post-qualification experience gained in a financial environment. Above all, you must be "business-orientated", with a creative approach, in order to identify our future needs and successfully implement systems necessary for this important area. Regular liaison with our Head Office in New York will be an essential feature of this role.

The starting salary will not disappoint the ambitious career builder and will be accompanied by generous 'large bank' benefits.

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J.P. Morgan Investment Management Inc.,
83 Pall Mall, London SW1Y 5ES.

J.P. Morgan Investment

MANAGEMENT ACCOUNTANT

Newly qualified ACA
London EC3 **to £17,000 + benefits**

Chandos Insurance, a subsidiary of Bass PLC, is a successful and expanding Insurance Company in the London Market. Due to recent promotion the Company has a vacancy for a self-motivated and commercially minded accountant.

Responsibilities will include the further development and implementation of management controls over the underwriting system, assisting the Chief Accountant in preparation of reports for presentation to the Board of Directors and monitoring and developing the Financial Accounting system. The ideal candidate will be a graduate chartered accountant. A good working knowledge of computerised accounting systems is essential and some insurance audit experience would be preferable.

This is an excellent opportunity for a recently qualified accountant to make a positive contribution to the future of this successful Company.

Applicants should write in confidence enclosing a C.V. to:

Paul Trueman
Chief Accountant
Chandos Insurance Company Limited
14 Fenchurch Avenue
LONDON EC3M 5BS
No Agencies

T.B.F. THOMPSON GROUP

COMPANY ACCOUNTANT

A rapidly expanding group, a wholly-owned subsidiary of Cement Roadstone Holdings plc involved in the construction industry, seeks to appoint a Company Accountant at their Gravesend Offices. Salary circa £20,000.

The position requires a qualified accountant with emphasis on commercial awareness. The main task will be to provide an accounting and administration service to local management, in particular the preparation and interpretation of monthly management accounts for two companies. Involvement will also be required in budgeting and forecasting and controlled costs in line with budgets. A competitive remuneration package, pension scheme and life assurance will be offered to the successful candidate.

Interested candidates should write, enclosing a full curriculum vitae, to:

Mrs. E. Onyett
T. B. F. THOMPSON LIMITED
The White House, Clifton Marine Parade
Gravesend, Kent DA11 0EA

Accountancy Appointments

PRINCIPAL AUDITOR

A development opportunity for an ambitious qualified accountant

Croydon c.£18.5K+benefits

British Gas South Eastern, a highly successful and progressive business serving over 2 million customers, continues to introduce the very latest technology into all aspects of its activities. The increasing complexity and sophistication of our computer systems mean we now need to add a self-motivated qualified accountant with good communications skills to our HQ-based audit team in central Croydon.

You will undertake major reviews and investigations of a range of the Region's activities, leading a small team. Central to the review process will be the evaluation of controls within both financial and operational systems, many of which are computerised and available on-line via an extensive terminal network.

Internal Audit is committed to a continuous development programme spanning all aspects of its activities, and you will be an active contributor in interpreting and developing new techniques for audit use, assessing the impact of modern technology on our business operations.

This opportunity should be seen as a development role which could enhance your longer-term career aspirations.

The highly competitive remuneration package includes salary of around £18,500, car allowance, excellent social amenities, 30 days' holiday and generous relocation assistance if appropriate.

For further information please ring 01-688 4466 and speak to Bernard Mee on ext 4410, or telephone for an application form on 01-680 2981 (24-hour answering service) quoting ref: FA 3080/FT.

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British Gas
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Assistant Controller

c.£20,000 + Car + Bonus

Newbury—Berks

Norsk Data is the fastest expanding mini computer manufacturer in Europe with sales and profit growth in excess of 40% per annum sustained over the last 13 years. The UK subsidiary has an equally impressive record and now seeks a No. 2 in the Finance and Administration functions to take part in managing the expansion.

The Assistant Controller role requires a positive approach which will influence how the business is run and the achievement of financial targets. The main thrust will be the enhancement of financial planning—particularly short and medium term profit forecasting, managing and forecasting cash flow, optimising the balance sheet, and active involvement in the negotiating stages of major sales contracts.

The Norsk Data management style is unique in allowing a high degree of personal responsibility, self motivation and development. Applicants in addition to being qualified accountants with planning experience should be outward going in nature with the initiative to work in a rapidly changing environment and the capacity to grow with the organisation.

Please reply in confidence quoting ref. L271 to:

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This outstanding opportunity follows the recent creation of a swaps unit by one of the world's leading investment banks. The position forms an integral part of a highly professional team responsible for all the bank's currency and interest rate swaps transactions. The main thrust of the rôle will be on assessment of swaps profitability and development of accounting systems to keep pace with new products. The successful candidate will be a recently qualified "Big 8" Accountant with a first class academic record and the personality to succeed in a fast-moving environment.

PROJECT ACCOUNTING

This position represents a highly challenging rôle within the central finance division of a front-ranking merchant banking group. Working closely with the Finance Director on all aspects of international business, the primary focus is on ad hoc special projects. The successful candidate will be a newly or recently qualified ACA of exceptional ability and by definition a "high-flyer". Future prospects with this blue chip organisation are excellent, either within financial control or a product area of merchant banking.

TREASURY CONTROL

This major British banking group has a modern and aggressive Treasury Division — the emphasis is on new product trading and sales in areas such as futures, options and swaps. Essentially a "controllership" of a major business area, the current appointment demands both finely tuned communication skills and the ability to contribute to far-reaching systems development projects and new product policies. Career prospects are excellent for the ambitious Accountant with two years' bank or bank audit experience in this progressive organisation. Salary is negotiable to £23,000.

Please apply directly to Felicity Hother on 01-606-1706

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Anderson, Squires

Financial Director and Company Secretary

up to £30K + car   Rural Midlands – Process Industry

Part of an International Group, this metal processing company is currently enjoying a healthy growth in turnover and profits. As a result of a recent reorganisation, there now exists a vacancy for a Financial Director and Company Secretary. Reporting to the Managing Director, you will be an innovative financial manager of graduate calibre who is able to assume full responsibility for the accounting, computing and company secretarial functions, with the potential for general management in the longer term.

Aged 35 to 50, you are a qualified accountant, preferably ACMA or ACA, with at least 5 years' experience in financial management in a manufacturing process industry. You are thoroughly versed in the preparation and interpretation of financial and management accounts, together with detailed experience of costing, cash and credit control, systems development and the use of computers. Your planning and analytical skills will ensure an ability to advise on trends and best business strategies. In addition to being highly commercially oriented, you have a proven track record of success in financial control and innovation.

Along with excellent career opportunities, you will benefit from a highly attractive compensation package including profit share, car, pension scheme, medical insurance, and where appropriate, relocation assistance to the company's attractive rural Midlands base.

Please write or telephone for an application form or send a detailed CV to: D.J. Dewhirst, at the address below quoting ref: PBM/1216/FT.

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Young Qualified Accountant

A key role in Financial Operations

You are a recently qualified accountant (ideally ACA) looking for a company which will reflect your ambition, drive and enthusiasm, and offer you the opportunity to develop your experience and broaden your career horizons.

We are CNA RE, the London subsidiary of a major US Insurance Group. Established for 10 years in the UK we have become one of the leading reinsurance companies in the London market, recently doubling operating capital to £40m.

You will have a positive, lively approach towards your work, which will include financial operations such as statutory reporting, quarterly internal reports, investment analysis and financial reviews of reinsurers. The position involves contact with management at the highest level, with the opportunity to develop your career with this go-ahead company.

In addition to your excellent salary and career prospects, CNA RE offers a generous benefits package which includes a non-contributory pension scheme, mortgage assistance, private health insurance and a savings scheme.

If you want to put your career on the map with this exciting company, please telephone or forward a c.v. to Mrs. Virginia Monro, Personnel Manager, CNA REinsurance of London Limited, Fountain House, 125/135 Fenchurch Street, London EC3M 5DJ. Tel No: 01-626 3321.

c.£19,000 + Major Benefits City

CNA RE
CNA REINSURANCE OF LONDON LIMITED

Challenging Overseas Opportunity

An exacting overseas challenge is now available for a top calibre Chartered Accountant with at least five years post-qualification track-record of real achievement.

With previous client involvement in the oil and gas sector in public practice, or relevant experience gained in industry, you will be capable of operating at a principal level and of demonstrating high professional, administrative and inter-personal skills.

Previous overseas experience would be an advantage.

Based with our firm in Lagos, Nigeria, you will be rewarded with high job satisfaction and an attractive remuneration package appropriate to your role.

Longer term career opportunities within AY internationally are first-class.

In the first instance please send your CV to:

Roy Lecky-Thompson, Director of Personnel,
Arthur Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.
Telephone: 01-831 7130.

Arthur Young

PARTNERSHIP SECRETARY

Croydon   To £20,000 + car

A Partnership Secretary is required to strengthen the management team of a firm of consulting engineers which has enjoyed continuous growth since it was founded in 1968. The partners' emphasis on high quality work has enabled the practice to build up an impressive list of prestige clients in both the public and private sectors.

The successful candidate will take responsibility for all aspects of the finance, secretarial and administrative functions with a particular emphasis on improving management information and developing the use of computers and other forms of office automation.

Applicants, aged between 30 – 45, must be computer literate and should have a small firm, service industry background. Previous experience in a professional partnership would be an advantage. Whilst there is a strong preference for a qualified accountant or Chartered Secretary, this need not exclude other candidates with exceptionally relevant experience and personal qualities.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2734/FT to G. J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011

STEPPING STONE

Cambridgeshire   £Negotiable + Car + Relocation

As an ambitious graduate ACA, who qualified with a top professional firm, you are seeking a career path within an expanding public company. In return for genuine career prospects, you must have gained experience of manufacturing industry either within the profession or with a commercial company.

You will undertake operational and some financial audits, carrying out management reviews including introducing real-time computer systems. The emphasis will be on a practical problem solving approach offering considerable scope for initiative in achieving the objectives set by Senior Management. Particular attributes required will be objectivity, maturity and clear concise communication, both verbally and in writing.

The Company is a diverse manufacturing group whose continuing development through a planned programme of acquisition and organic growth provides regular opportunities for promotion into line roles.

The salary package will reflect the importance of the role and is entirely dependent upon your ability and experience. For more information contact Andrew Cook, Regional Manager or send a full c.v. with covering letter.

Telephone: (0727) 35116 (out of hours (0442) 67661)

Management Personnel
Recruitment Selection & Search
105 St Peter's Street, ST ALBANS, Herts AL1 3HH.

FINANCE DIRECTOR SHEFFIELD

NEEPSEND plc wishes to appoint a qualified Accountant as Group Finance Director to immediately succeed the present Finance Director who is relinquishing executive duties. The post will also include the role of Company Secretary.

The Neepsend group consists of eight autonomous subsidiaries in the Sheffield/North Derbyshire area and three companies in Canada. The combined turnover is £20m the main activities being engineering, tool production and metal processing.

Following a period of retrenchment the Group is planning to grow both organically and by acquisition and a challenging future is envisaged.

Ideal candidates will be commercially orientated and experienced in corporate fund raising, city liaison, acquisition negotiations, etc., as well as internal financial control in manufacturing industry, data processing and secretarial practice. Persons under 35 are unlikely to have had the necessary experience.

An attractive remuneration package and relocation expenses will be offered.

Please apply with curriculum vitae to:

The Chairman
NEEPSEND plc
Lancaster Street, Sheffield S3 8AQ

Accountancy Appointments

Finance and administration manager

Board prospects
Oxfordshire, c£25,000 + car

C&L

This autonomously managed subsidiary of an international group has significantly improved turnover in the last year to £10 million, creating an opportunity for an able financial controller. Its activities encompass the design, project management and sale of specialist engineering equipment and test facilities primarily for the automotive industry.

A vital member of the senior executive team and managing a department of 18, you will report to the MD and take responsibility for all financial and management reporting, and general administration. The emphasis will be on planning, the improvement of computer-based management information systems to cope with expansion and significant input to commercial policy.

Qualified and in your 30s, you must be a strong management accountant with the energy and personal skills necessary to contribute directly to profitable growth.

Please write, enclosing your curriculum vitae and daytime telephone number to Stephen Blaney, Ref B333.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited
Albion Court
5 Albion Place
Leeds LS1 6JP

Personal Investment Banking

A leading clearing bank is expanding its personal investment banking group, the major elements of which are retail stockbroking, unit trust operations and related investment products. The holders of the two positions described below will play key roles in the further development of this expanding business.

Management Accountant

c. £35,000 + car & normal banking benefits

Reporting to the group's Financial Controller, responsibilities will include the development and preparation of the group's management information to enhance profitability.

Candidates, aged around 35, will be qualified accountants, ACMA or ACA, with experience of either the f.m.c.g. or service sectors.

Financial Accountant

£28 – 30,000 + car & normal banking benefits

Reporting to the group's Financial Controller, the role will initially involve the design and implementation of the group's financial accounting systems, and their subsequent management and operation.

Candidates, aged around 30, will be accountants, ACA or ACCA, with several years' post qualifying experience, preferably in the service sector.

It is planned that the group will grow rapidly in the next few years. Candidates must have the intellect, personality and technical ability both to manage and develop with this growth.

Please reply to Martin Manning, in strict confidence, enclosing full personal and career details, quoting reference 1693/FT for the Management Accounting role, and 1694/FT for the Financial Accounting role, on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

APPLICATIONS ARE INVITED for the post of Pensions Officer at the University of Reading. The Pensions Officer is responsible for the day to day administration of two separate superannuation schemes in operation at the University, one for Academic Staff and the other for Non-Academic Staff. Active members 1,000 and 600 respectively. Relevant experience essential (no investment work). Initial salary c. £10,000 p.a. Further particulars and application forms (2 copies) available from the Personnel Officer, University of Reading, Whiteknights, P.O. Box 217, Reading RG6 2AH, telephone (0734) 875123 ext. 220. Please quote Ref. P.32A. Closing date 30 January 1987.

Group Management Accountant

Hampshire — Salary not less than £25,000

This major service organisation, with revenue in excess of £200m, has expanded dramatically through the aggressive marketing of new business areas and the use of innovative technology.

Reporting to the Group Finance Director, you will be responsible for ensuring tight financial control, through the provision of detailed management information, review of business plans, preparation of revenue and capital budgets, and special assignments. Instigating new policies and procedures in a complex and highly computerised environment, you will have substantial contact with the senior management of the operational subsidiaries and direct management responsibility for a staff in excess of 20.

This is a demanding, high-profile role for an ambitious and forceful qualified accountant, ideally aged 35–45, who has gained a comprehensive group management accounting experience in a progressive and diverse business environment. Candidates must be able to demonstrate a high degree of commercial awareness and excellent management and communication skills.

There exists ample opportunity for career development within this organisation. The remuneration package will reflect the importance of the position to the organisation and will, of course, include a car and other executive benefits.

To apply, please send cv, indicating current salary, in confidence to Fiona McMillan, Ref: 1190/FM/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Controller

A positive business role

International Banking
City base
c£43,000 + car + banking benefits

Our client is the London based subsidiary of an established and enterprising European bank, now poised to increase its UK commercial and treasury business.

As part of the key management team, the successful candidate will be responsible to the General Manager for the co-ordination of all management, group and statutory reporting, all aspects of business administration and overall EDP systems management, to facilitate improved financial analysis of the bank's products and profitability. He or she will also have responsibility for financial planning and will take active part in the formulation of business strategy.

Ideally, candidates will be chartered accountants in their early 30's, with 4-5 years' experience in the small to medium sized banking sector. The role calls for professionalism, credibility and independence, balanced with a willingness to play a "hands-on" role if necessary.

A generous remuneration package has been designed to attract the right candidate.

Please apply enclosing a full CV in confidence quoting ref. MCS/3014 to:
Tracey Phillips
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL.

Price Waterhouse

Internal Auditor

£19,000 + Benefits
C. London

Our client, a leading international bank, requires an Internal Auditor. The position represents a positive career step for a person wishing to enter the progressive and highly rewarding area of international banking.

The successful applicant will need to be a self motivated professional with ability to deal with all levels of Management and must be capable of making a positive contribution to the continuing development of the administrative systems. Some EDP experience would be preferred.

Reporting to the overseas based Head Office, the succesful candidate will be responsible for implementing a programme of internal audit projects.

For a recently qualified chartered accountant, or an experienced internal auditor, this represents an outstanding opportunity to assume greater levels of autonomy and responsibility.

Applications giving full personal and career details should be submitted quoting reference SHA. 849 to David Marks ACA, at Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London, W1M 1DA.

SH **Stoy Hayward Associates**
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Director of Finance

c.£40,000 plus profit share
Bucks

Our client is no ordinary company. Unknown today it plans to be a household name by the end of the year and the market leader with a multi-million pound turnover. In a few years time there will be a European dimension.

You will not just be in charge of the finance function. To do this job you must have in-depth experience of handling company flotations, acquisitions and raising finance. You will need to have first-class contacts with all the right people in the City.

To be successful with this company you will have to work hard and long hours and be totally flexible. The rewards will be exceptional and will include profit share, car and in due course, share options.

Interested? Then please write immediately, in confidence, enclosing CV and stating how you meet the requirements, to David Bennell, ref. B. 43853.

MSL International, 32 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

GROUP CHIEF ACCOUNTANT

International Investment Group

£18,000 + Car

OUR CLIENT is an International Investment Group with companies in most of the world's major financial centres. For its new UK service company we are seeking a Group Chief Accountant who will be responsible for the running of the small Central London office.

THE ROLE includes responsibility for the accounts of the holding company and some of the overseas subsidiary companies. The companies are involved in international trade and investment and dealing in securities and currencies. Additionally the successful candidate will be responsible for all administrative matters of the London office including computerisation and liaison with overseas companies.

THE REQUIREMENT is for a qualified accountant. Experience of investment and multi-currency accounting would be an advantage but not a prerequisite.

THE REMUNERATION PACKAGE will include a salary of about £18,000 plus a car.

Please reply in complete confidence and enclosing a comprehensive CV to the Managing Director

Tanstead Associates Ltd
Executive Search & Selection
West End House, 11 Hills Place, London W1R 1AG

a member of the Tanstead Professional Group

Venture capital organisation seeks enthusiastic accountant as

OPERATIONS MANAGER

Cardiff — Up to £20,000

The Welsh Development Agency's Investment Division provides equity and loan capital to developing concerns, primarily providing start-up and early stage expansion capital. Its current portfolio is valued at around £30 million and comprises about 300 companies.

Reporting to the Executive Director of Investment, the Operations Manager will be responsible for monitoring the investment portfolio; developing reporting systems and producing timely, accurate and relevant management information; preparing budgets and corporate plans; and carrying out a wide range of special projects.

Candidates should be qualified accountants, aged 30-45, who combine a knowledge of management accounting with exposure to computerised systems. Investigations or insolvency experience would also be of assistance in the monitoring aspects of this role.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2738 to G.I. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Financial Controller

High growth food manufacturing and distribution company

N. Home Counties • Board Prospects • c. £25,000 + Car

Two years from now, my client is likely to be double its current size and operating from several locations in the U.K. and possibly also Europe.

One of the critical elements necessary to ensure that this very real opportunity is achieved, is to strengthen the management team by the appointment of a high calibre young finance professional who can mature quickly into a full board role. The company has a current turnover in excess of £10m.

The Finance Department is currently quite small and operating under the significant pressures of explosive growth and an accelerated programme of computerisation. As a result it is not currently able to be as effectively constructive with the other line departments as is desirable and necessary. Your immediate objectives will be to establish positive leadership of the Finance function and to provide a comprehensive financial advisory service to the senior management team of which you will be an important member. Your role is then likely to be expanded to include other administrative and line functions in the company.

The post should be attractive to qualified accountants in their early 30's whose career ambitions lie in the small/medium sized environment. Essential elements of experience must include both financial and manufacturing management accounting, management of a small team and development of computer systems. Familiarity with foreign exchange accounting is highly advantageous. An ability to work effectively as part of a small, well knit management team is, of course, vital.

Employment conditions include a very competitive fringe benefit package.

Applicants of either sex should apply in confidence to Michael Johnson on (0962) 53319 (24-hour service) or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX, quoting ref. 725.

Johnson Wilson & Partners
Management Recruitment Consultants

FAST GROWING MEDIUM-SIZED PUBLIC GROUP ENGAGED IN INDUSTRIAL SERVICES REQUIRES

PROFESSIONAL ACCOUNTANT TO JOIN

ACQUISITION TEAM

Based North Midlands — c. £25K + quality car + benefits

FUNCTION: To work with main board directors in identifying, acquiring, rationalising and stimulating target companies.

DESIRABLE QUALITIES: An entrepreneurial chartered accountant who draws from a breadth of accounting and company experience, investigates thoroughly, communicates succinctly, handles people sensitively, challenges boldly, thinks radically. One who is secure, determined, who has good insight into people as well as opportunities and will not be found lacking in initiative.

CANDIDATE: Will be aged 28-35 and, currently, may well be a senior manager with a large firm of Chartered Accountants who has investigation and acquisition experience.

AN EXCEPTIONAL CAREER OPPORTUNITY!

Full career and personal details to:

Andrew Evans, Finance Director
SCOTT GREENHAM GROUP PLC
Coles Park Industrial Estate
Alfreton, Derby DE55 4QG

Accountancy Appointments

Finance and Administration Manager

c. £23,000 p.a. plus car
London SW7

Our client is a growing and prosperous company retailing an exclusive and high class range of ladies wear through its West End outlets.

They seek a qualified accountant to manage the accounts function, handle a range of administrative tasks and give top calibre financial advice to senior management.

A mature and responsible person with experience of up-market retailing is required and with evident understanding of a business directed to a female clientele. A knowledge of French and of import procedures would be an advantage.

Applicants are invited to write with a full cv and daytime telephone number quoting reference 1485 to

BinderHamlyn
MANAGEMENT CONSULTANTS
Trevor Austin, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

The most dynamic Accountancy firm in Corporate Finance is seeking Managers — do you fit the bill?

Our London based Corporate Finance Group was one of the first to be established within a firm of Chartered Accountants. Our experience is held in high regard by those who ought to know. And we've doubled in size during the last two years alone.

As a result, we wish to recruit Managers who match the following profile.

As an ACA with at least four years post-qualification experience, you're probably not less than twenty-seven. You may be a senior member of an accounting firm. You might equally well be with a merchant bank, stockbroker or venture capital house. Wherever you are, you have considerable experience in raising capital. And you're hungry for a brighter future.

Your future with us will include an unusually wide and interesting range of work. You'll deal with full and overseas listings, share placings, and flotations on both the USM and the new Third Market. You'll raise venture capital, establish overseas companies in London, conduct corporate valuations, formulate and organise management buy-outs, and provide general financial advice to businesses in just about every field you can name.

On a more personal note, you'll be exceptionally able and a fluent communicator. You'll enjoy the City. You'll work hard under pressure and come back for more.

We'll provide up to £30,000 and an appropriate car. Together with a significant step on the road towards partnership.

For further information send a full cv, including salary history, to: Tony Herron, Partner in Charge of Corporate Finance.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Financial director (designate)

West London, to £30,000 + car

C&L

This is a new role and a key appointment in the development of a dynamic organisation within the information technology sector. Our client is the UK subsidiary of a major European based group with international coverage, renowned for its expertise in professional software services. Substantial growth is planned over the next five years and the current annual turnover of £8 million is scheduled to more than treble.

Reporting to the Managing Director, with total responsibility for financial and management accounting, you will play a major part in directing the company's future. The control of profitability and productivity will be of paramount importance but, in addition, you will be involved in the evaluation of business and acquisition opportunities and will provide overall financial guidance to the management team.

A qualified accountant, probably in your early 30's, you must have experience of management in a financial function, a strong commercial bias and a self disciplined approach. Experience of acquisition appraisal and corporate funding would be a distinct advantage.

Résumés, including a daytime telephone number to Janice Walden, Ref. JW.616.

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Executive Selection Limited
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Jane Liversidge 01-248 5205

US INVESTMENT BANK
FUTURES

ACA's 26-30 — £30,000 PACKAGE

Our client, a dynamic and aggressive competitor in the Global banking sector, with a record of continuous and sustained growth in the UK, has an immediate requirement for an individual to head-up a small team accounting for and controlling their futures trading and broking operation.

This role will be developmental in nature and will require extensive liaison with both staff and management. In the short-term prospects for intrinsic growth are excellent and thereafter a strong career path within the organisation is guaranteed.

The successful candidate will have been involved in bank or commodity broking audits and have knowledge of Foreign Exchange requirements. In addition to a strong academic background the individual will be both innovative and enterprising, possess excellent interpersonal skills, and have the ability to motivate staff in demanding situations.

The salary package will consist of a high base salary, bonus and motor car.

For further details please telephone Keith Allen or David Ryves on 01-930 7850, or write giving brief details to the address below:

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket · London SW1Y 4RF Telephone: 01-930 7850

International banking
Ambitious Accountant

Central London — c.£22,000 + banking benefits

This is an unusual and challenging career opportunity for a young, ambitious qualified accountant to work closely with and report to the Chief Executive Officer — UK, of this expanding international bank.

The bank, which employs some 800 staff in the UK, is poised for a period of dynamic growth and organisational change and, in anticipation of the demands which these developments will bring, the CEO wishes to strengthen his team.

A management company is currently being established and you will be responsible for its successful formation and the development of appropriate accounting procedures which satisfy ongoing statutory requirements.

This important corporate role will involve analysing the returns from the local business units, advising on and highlighting potential areas of concern, culminating in reports for submission to the head office overseas. In addition, you will be actively involved in the preparation and completion of the regional budget, working in close harmony with the senior management of the units.

Likely to be aged 24–30, you have gained experience in a bank or in bank-related work in an audit firm. A highly motivated individual with initiative, common sense and the ability to communicate well at senior management level, you will have the desire to become fully involved in the operations. You should also have the capacity and ambition to take on progressively more responsibility in the future.

To apply, please send cv, in confidence, indicating current salary, to Fiona McMillan, Ref: 1204/FM/FT.

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PA Personnel Services
Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy
Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

ACCOUNTING IN THE TRAVEL INDUSTRY

Minimum £15,000 p.a. + car + substantial benefits

Eurocamp is one of the country's leading specialist holiday companies and the largest summer tour operator in France. We require an enthusiastic self-starter to join our young and energetic management team who will:

- Manage a small but very active Accounts department;
- Produce Annual Accounts, Monthly Management Accounts, Budgets, etc.;
- Provide support generally to our Financial Director in a whole range of other associated areas.

The successful candidate will probably be a qualified Accountant with two or three years' relevant post-qualification experience, willing to adopt a "shirt-sleeves" approach and be a good organiser and communicator. Some knowledge of French, while not essential, would be a further advantage.

We offer a challenging position and the opportunity to develop your career in a fast-moving, growth-orientated and highly successful company, based in the pleasant Cheshire market town of Knutsford.

An attractive salary package is on offer and assistance with relocation will be given where necessary.

Please apply in writing to:
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Edmundson House, Tatton Street, Knutsford
Cheshire WA16 6BG

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UNIVERSITY OF SOUTHAMPTON

LECTURESHIP IN ACCOUNTING
in the
DEPARTMENT OF ACCOUNTING AND MANAGEMENT SCIENCE

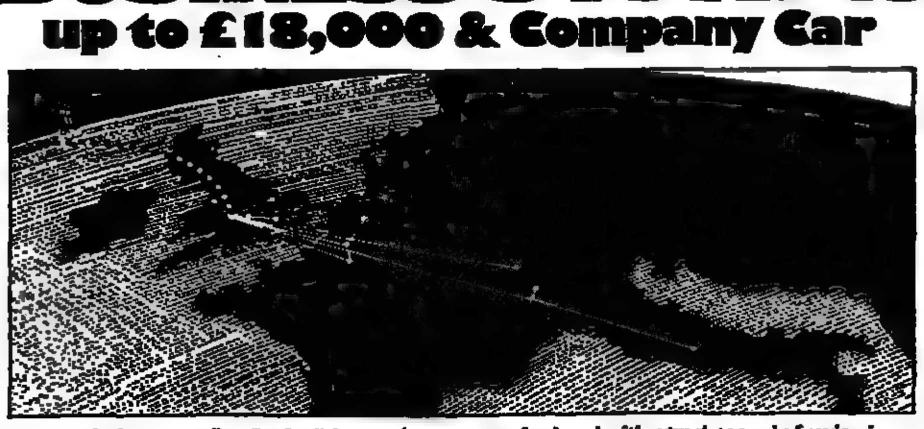
As part of a major expansion in accounting and management science at the University of Southampton, applications are invited for a new post from candidates whose interests and qualifications are in any area of accounting and finance. A related interest in management or behavioural science or information technology would be welcomed. The successful applicant will be expected to contribute to both research and teaching, the Department's interests currently involving a number of lecturers and and management science. Information technology is an expanding area of the Department's interests currently involving a number of lectures and externally funded research fellows. The appointment will be made on a permanent basis. Salary will be in the range £8,020–£15,700 (under review) and may be at or near the upper point of the scale for experienced applicants.

Applications (7 copies from UK applicants) with curriculum vitae and the names and addresses of three referees should be sent to Mr D. A. S. Copland, University of Southampton, SO9 5NH, by the 14th February 1987, from whom further particulars may be obtained, quoting reference number 31/DASC/JMB.

Informal enquiries will be welcome. Please contact Professor C. B. Chapman, Department of Accounting and Management Science.

Computer Auditor
EXTEND YOUR INFLUENCE... REFINE OUR BUSINESS SYSTEMS

up to £18,000 & Company Car



Varity's outstanding DP facilities are the result of a massive investment in hardware and applications. We are committed to achieving the highest levels of business sophistication and efficiency. And using wide-band satellite communications across the Atlantic, that means on a world-wide basis.

Right now we have a challenge that any ambitious Computer Auditor can't afford to miss. You'll work as a member of the European Audit team, based at Stoneleigh in Warwickshire, assessing the effectiveness of computerised accounting systems and data processing activities throughout Europe.

This will involve frequent travel to our subsidiaries in the UK, France, Italy and Germany, where you will liaise with all levels of Management. You'll also provide Computer Audit consultancy to the group.

We're looking for an Accountant or DP professional with a track record of reviewing business systems. Preferably you'll have spent at least a year in a professional Computer Audit capacity and a knowledge of French and/or Italian is desirable but not essential.

Salary is negotiable up to £18,000 according to experience; and benefits include a company car. Relocation assistance is available where necessary.

Please send full career details or telephone for an application form to Beverley King, Human Resources Adviser, Varity Corporation, PO Box 62, Banner Lane, Coventry CV4 9GF. Tel: (0203) 472005.

VARITY

The Varity Corporation is an equal opportunity employer.

U.S. EXPATRIATE TAX CONSULTANT
AUSTRALIA

Sydney — to £20,000 plus relocation

Ernst & Whinney is one of the fastest growing accounting majors in Australia with a fully comprehensive range of financial services.

Continuing practice development enables us to offer an excellent career opportunity to an ambitious professional aged 26 or more and with a minimum of 2 to 3 years' experience in U.S. expatriate tax consulting.

Reporting to a Partner, responsibility will be for:
- The preparation of U.S. Federal and State individual income tax returns
- The provision of a wide range of taxation advice to expatriate clients
- The preparation of regular tax bulletins
- The control and management of all matters relating to costs and fees

Key attributes of the successful candidate will be:
- A sound technical knowledge
- The ability to organise and work under minimum supervision
- Above average communication skills at all levels

A Senior Taxation Consultant from Sydney Office will be visiting London during the week starting 12 January 1987 and will be conducting interviews then.

Those interested in this minimum 2 year contract with an option to extend, should call Barry Compton, Personnel Manager of our London Office on 01-928 2000, as soon as possible, to register their interest.

Ernst & Whinney
Accountants, Advisers, Consultants.
Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 01-928 2000.
OUR LINE OF BUSINESS IS IMPROVING YOURS

Accountancy Appointments

Accounting for all tastes

Ours is a dynamic enterprise. One of the fastest developing businesses in the retailing industry—itself, the fastest growing business sector in the economy—Tesco is a diverse and complex operation in financial terms.

With a £3.3 billion turnover generating profits of over £122 million, our professionals in Financial Management have helped to achieve what Analysts readily recognise as one of the top P/E ratios in the industry.

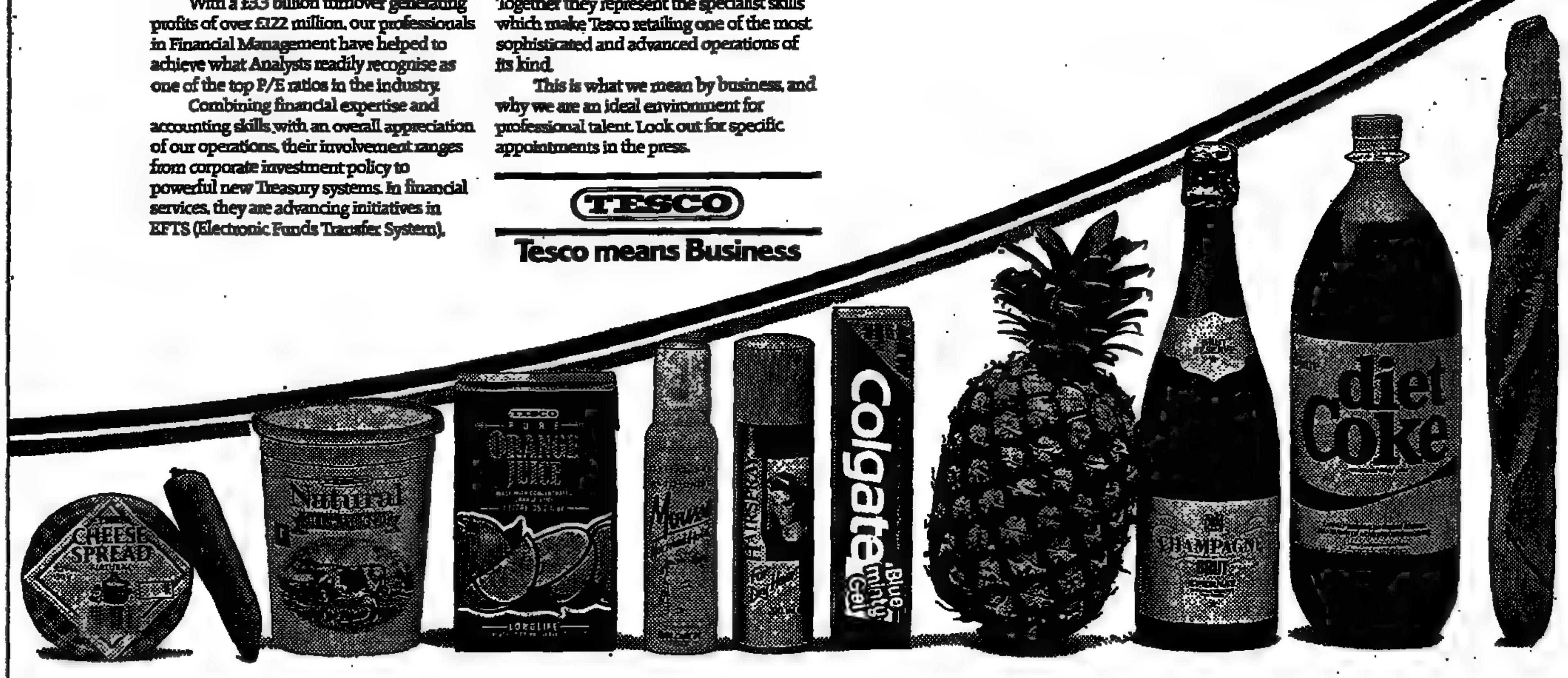
Combining financial expertise and accounting skills with an overall appreciation of our operations, their involvement ranges from corporate investment policy to powerful new Treasury systems. In financial services, they are advancing initiatives in EFTS (Electronic Funds Transfer System), ATM (Automatic Teller Machines) and MIS.

Spearheading developments in other key areas are professionals in Research, Buying, Marketing, Merchandising, Property, Distribution, Computing, Personnel, Technology and Store Management. Together they represent the specialist skills which make Tesco retailing one of the most sophisticated and advanced operations of its kind.

This is what we mean by business, and why we are an ideal environment for professional talent. Look out for specific appointments in the press.

TESCO

Tesco means Business



FINANCIAL DIRECTOR

Southend Airport, Essex

Up to £20,000 + car + benefits including substantial travel advantages

We are the Engineering and Maintenance Division of a dynamic, fast growing and profitable charter and commuter airline based at Southend Airport. Group turnover in the last 4 years has grown from £5m to £26m and is expected to be in the region of £35m for the current financial year.

As part of a small but highly professional management team, the Financial Director will be required to appraise operational activity, direct strategy and implement new and cost effective systems within the Engineering Division. This Division services both in-house and third party customers and has a turnover approaching £5m per annum.

The successful candidate will be a qualified Accountant aged up to 30 years with at least 2 years' experience in industry/commerce. We require an assertive, positive and energetic individual who has the ability to very quickly make a contribution in the general management side of our Engineering operation.

An attractive remunerative package is offered with opportunities for travel through the Group's interline facilities.

Interested applicants should write to the Managing Director, Box A0371, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Finance Director Designate

West of London — **circa £20,000 + Car**

This dynamic, private computer services group operates very profitably through branches in the United Kingdom and on the Continent.

Realistic plans are for the multi million pound turnover to continue its dramatic yet soundly based growth, and the current requirement for appropriate financial management skills is a direct result of expansion. Suitable applicants will be mature and committed, qualified accountants over 30, not only with previous experience of financial management but with a practical approach to the routine accountancy functions.

Also essential is the commercial flair and acumen to make a positive contribution to management decisions. The groups International and diversification ambitions will enable the person appointed to exercise the widest range of professional and entrepreneurial skills and career prospects are quite outstanding.

Interested applicants should send full career and personal details to:
John Overton FCA, Managing Director,
Overton Management Selection,
3 Berkeley Square,
London W1X 5HG.
or telephone 01-408 1401 for an application form quoting reference 10/1139/FT.

OVERTON MANAGEMENT SELECTION

APPLICATIONS ARE WELCOMED FROM MEN AND WOMEN

Finance Director

Start-up company — **Slough** — **c.£40,000 + car**

Our client is starting an exciting venture which will deliver a service across the UK from a head office in Slough. The use of high technology should give a uniquely competitive edge in the chosen market. There is a turnover target of £125m in the first year and finance is available to fund a very rapid expansion.

We seek a qualified accountant to head and build up the finance function, and to represent finance and administration on the Management Committee.

Candidates should be under 40 with 5-10 years' experience in industry or commerce, recent experience of negotiation with financial institutions, and a successful record of managing professional and clerical staff in the widest possible range of financial functions, eg final accounts, treasury operations, acquisitions and mergers, and computerised processing of management and financial data. Someone who can sustain a high profile in what will become a major company is required, and appropriate rewards will be available. The job could also acquire later a European dimension.

Please send your cv immediately, in confidence, to Humphrey Sturt, Ref: 1221/HS/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Controller

Small Company Background

Surrey Based — *c £23,000 + Car*

Qualified Professionals, identifying with the small company environment will find this new opportunity both challenging and rewarding.

A dynamic, fast moving business with a high calibre workforce, my clients factor and distribute high value products to markets in the Soviet Union and Eastern Europe.

As a practical Accountant and with the minimum of support, you will be responsible, as a member of the Management Team, for Cash and Asset Management, producing all Financial and Management Accounts as well as consolidating accounts of subsidiary companies and Company Secretarial duties. In addition, you will advise on the matter of external investment, and corporate structures to attract the same.

Aged 30-40 and living within reasonable daily travel, applicants should have the confidence and authority to represent the company at City Institutions and be familiar with Accounts Preparation and Company Secretarial duties in a multi-currency business utilising a computerised accounting system.

Please write with full curriculum vitae to include *relevant* company financial information and current remuneration to:-
Robert Little, PER Management Selection, 12a Commercial Way, Woking, Surrey GU21 1HG.

PER *Management Selection*

ACTIVE PARTICIPATION IN CHANGE

Recently Qualified ACA

Central London with International Travel — **£18k + Car + Benefits**

You are not a career auditor but an agent of change. This is your opportunity to establish high level contacts within a progressive organisation which is a regenerated U.K. world leader in high technology applications. Your challenge will be to participate in revitalising every aspect of its business by adopting the principle that business goals are the primary objective. You will be offered a broad range of work in the U.K. and overseas, combining financial auditing with critical assessment of activities. As part of its revitalisation plan you would be required to leave the audit function taking your in-depth knowledge of this unique business and its management into a line position.

If you wish to be considered for this role within a singular environment please telephone, or write enclosing a c.v. to Richard Small quoting reference CG178.

Telephone 01-256 5041 (Out of hours (023065) 286)

Management Personnel
Selection & Search
10 Finsbury Square, LONDON EC2A 1AD

IMMEDIATE PARTNER VACANCY

A substantial Sussex Coast firm of CHARTERED ACCOUNTANTS has an unexpected vacancy for a PARTNER.

The successful applicant will be under 40 and will have trained and/or had post-qualification experience in a medium-sized provincial practice. A good corporate tax background would be an advantage but the prime requirement is the ability and personality to handle successfully a broad portfolio of audit, tax and general practice clients and to participate fully in the continuing development of the firm.

No capital injection is required. A substantial salary will be paid for a brief introductory period, to be followed by admission to partnership.

A fully detailed curriculum vitae to be sent to:
The Senior Partner, Box A0370
Financial Times, 10 Cannon Street
London EC4P 4BY
Confidentiality will be strictly observed.

FINANCIAL CONTROLLER

W. London — **£22,000 + Car**

This major international group specialising in the Retail Sector wishes to appoint an ambitious, young qualified accountant for this key management role.

Reporting to the Finance Director you will assume responsibility for the day to day control of the finance department encompassing all aspects of financial management, special reports for presentation to the board, plus the supervision and control of about forty staff. An additional responsibility over the next two years will be to introduce a new computer system.

The successful applicant is likely to be under thirty with a proven record of achievement since qualifying and who can demonstrate real man-management skills.

If you are interested in this position please send a detailed curriculum vitae to **Richard Green** *quoting reference number* **3353.**

Dunlop & Badenoch

Financial Recruitment 60 Mark Lane, London EC3R 7NE. Tel: 01-265 0377

Group HQ Accountant

Central London — **to around £15,000**

Our client is an "Alpha stock" British group with an outstanding record of organic and acquisitive growth, an international spread of operations and consistently high return on capital.

The pace of growth creates the need for an additional accountant to strengthen the HQ finance function. Initially the emphasis will be on treasury and cash management, leading on to consolidation, group accounting and management reporting – a first class opportunity to gain experience in all aspects of financial management in a major plc.

Candidates, male or female, age mid-20s to early 30s, probably qualified accountants, could come from the profession, industry, commerce or financial services. With a real interest and some experience in micro-computer applications, they should ideally also be familiar with either the treasury function or public group accounts preparation.

Initial salary negotiable to around £15,000 plus BUPA and other benefits.

Please send career details, in confidence, to D. A. Ravenscroft.

Ravenscroft & Partners

Search and Selection
20 Albert Square, Manchester M2 5PE

FINANCIAL DIRECTOR

The prime responsibility of this newly created position is to take complete financial control of a Bureau Billing Service. Based in N.W. London, the duties will include credit control and responsibility for a number of subsidiaries in the Group. A knowledge of computer systems is desirable.

The successful applicant will ideally be a qualified accountant, preferably ACMA or ACCA and be aged between 30-45. The package will initially be worth £20,000 p.a. to include a company car and membership of BUPA.

Interviews will be carried out in London.

Applications in the first instance in writing, enclosing a current CV to: David Lunt, Group Financial Controller

Vallis House, Vallis Road,
Frome, Somerset BA11 3EG

Accountancy Appointments

Creative Financial Management!

Financial Manager
North London

The U.K. is about to experience a unique concept in retailing. An incredibly successful formula which has seen our Swedish based Company grow so dramatically that we now *employ over 11,000 people, in 75 stores and 18 countries, and have a turnover in excess of one billion pounds.*

But IKEA is more than just a fast-growing furnishing and interior decor chain. It is a lifestyle; a mentality; a fresh new living environment.

Design, product, display and sales techniques are all vital parts of our original approach, but the way we work is the true catalyst which creates the IKEA experience.

We need special people to make our concept work. People with flexible minds, creative outlooks and the energy to respond to a truly dynamic Company. The kind of person who will make the most of our huge resources, career opportunities, and the freedom of action to be a success.

One such individual will be our Financial Manager who, working as part of a small senior management team, will take responsibility for financial control, accounting, preparing final accounts and administration within the U.K. Company, together with budgeting, financial planning, forecasting, policy development and liaison with Sweden.

We envisage a fair amount of international travel so you must have a stable home life which allows you to spend periods away. You will be young, educated to degree standard supported by a professional accounting qualification, and you will demonstrate a creative, professional approach to Financial Management. We want you to contribute to our success *not just audit it.*

You will have at least 4 years post qualification experience which may have been gained in a large accounting practice or in-company. A retail background could be useful.

Based in Brent, North London, rewards are excellent including a substantial salary together with a range of executive benefits and a Company car.

If you have the commercial flair to take on real Financial Management write with full c.v. and salary requirements to:

Angela Wilson IKEA Universal House
Weston Road Slough Berks. Telephone: 0753 76061

IKEA®

Finance director
London, c£35,000

C&L

This rapidly growing Development company is operating successfully in one of London's most exciting property areas with tremendous potential for the future.

It now needs a Finance Director to provide close support to the Chief Executive in every aspect of the business. This is a demanding job which will cover every aspect of the company's finances from top level negotiations *with sources of finance to hands on work involving computer* systems in a tightly run environment.

Candidates, qualified accountants with extensive experience at all levels in commerce and industry, preferably including property development, will want to join a dynamic, exceptionally hard-working and very entrepreneurial company.

Salary is negotiable and the benefits package is very attractive, with a substantial incentive element.

Résumés including a daytime telephone number to John Sanderson Watts, Ref. SW612.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited

Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

Measurement Technology Limited

Group Financial Controller
Bedfordshire c£23,000 + car

The MTL Instruments Group Ltd is market leader in the design, manufacture and sale of intrinsically safe instrumentation for industrial process control in hazardous areas. *This expanding market has seen the worldwide* turnover of Measurement Technology Limited and MTL Incorporated (USA) approach £6 million since 1971 when the UK company was founded.

Privately owned and looking to the USM, the Group now seeks an experienced chartered accountant with *Board potential to provide a full financial management* service and represent the company to the City.

Reporting to the MD, you will take full responsibility for the UK company accounts function and for developing its computerised forecasting, reporting and cost control activities. You will also provide financial planning for the *Group and deal with all statutory and legal matters.*

Ideally aged 33—45, computer literate and probably with a degree, you will be positive, enthusiastic and convergent. Experience in accounting, finance and people management in an engineering/manufacturing environment are essential.

Your salary will be supported by an extensive benefits package which will include relocation costs, where appropriate.

To express your interest, please write with career details to:

Tony Elliott, Personnel Manager,
Measurement Technology Limited,
Power Court, Luton, Beds. LU1 3JJ.
Telephone: Luton (0582) 23633.

FINANCIAL CONTROLLER
CITY OF LONDON
Age: 30-35 Up to £40,000 + bonus + car

Our client, an international securities house requires an outstanding, ambitious Financial Controller.

Reporting to the Financial Director, the key responsibilities will be for all areas of financial control at divisional level, including:

- preparation and consolidation of monthly management accounts for the divisional Board;
- *interpretation and analysis of monthly management accounts from subsidiaries;*
- collection and analysis of monthly management figures from associated companies, both UK and overseas;
- developing and maintaining systems for the monitoring of trading and credit exposures;
- *investigation work in connection with potential acquisitions;*
- compilation of divisional budgets.

Candidates should be Chartered Accountants and must have experience of group accounts and of a multi function securities and finance operation.

The salary is negotiable to £40,000 and there are attractive fringe benefits including a car and a bonus.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: *2739* to W.L. Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Hays

HEAD OF MANAGEMENT ACCOUNTS
Guildford c.£21,000 + Car

Our client, the Hays Group, is a progressive, acquisitive group of companies with a wide range of interests covered by seven operating divisions. A world wide turn over in excess of £600 million is monitored by a small, highly qualified Head Office team based in modern offices in Guildford.

The installation of high technology systems allied with a requirement for increasingly sophisticated management reporting has identified the need for additional expertise to strengthen the existing team.

Reporting to the Group Financial Controller the primary function of this position will be overseeing the computerised consolidation of the group's management information packages, including budgets, forecasts and periodic accounts. Additional responsibilities will include further development of Head Office controls fully utilising such aids as computer graphics.

You will be a young (27-35) qualified Accountant with a large company background (preferably in a Head Office function), and will have had exposure to PC accounting packages, financial modelling and computerised consolidations. This position provides an immediate, substantial career advancement, and the medium to long term prospects within the Hays Group offer limitless opportunities.

Please reply in the strictest confidence either in writing (enclosing a comprehensive c.v.) or by telephoning the Manager at the address below.

Accountancy Personnel *Placing Accountants First*
72/74 High Street, Guildford, GU1 3HE
Telephone: 0483 64692

PAKISTAN INTERNATIONAL AIRLINES
ASSISTANT FINANCE MANAGER £10k-£13k

We are looking for a Chartered Accountant with the ability to grow with the Airline. Ideally the candidate should possess some post-qualification experience, though this is not essential.

Responsibilities will include timely reporting of passenger/cargo sales, credit control, disbursements and budgetary control, funds management and compilation of other accounting/management information reports.

We have a computerised accounting system which conforms with our global reporting requirements. Mainly ours is a reporting branch operation.

Benefits include 25 days' annual leave, contributory pension scheme and rebated air travel for self and family as per rules.

Interviews will be held before the end of January 1987 and selected candidates will be expected to join as early as possible. Please send your full applications before 20 January, 1987 to:

The Admin Manager
PAKISTAN INTERNATIONAL AIRLINES
1-15 King Street
London W6 9HR

PIA Pakistan International

COMMERCIAL ACCOUNTANT
Norwich c£20,000 + car

Jewson Ltd operate a 160 strong national chain of Timber and Builder's Merchants which is growing rapidly. The Commercial Director seeks a fully qualified accountant to assist him at the Company head office near Norwich, in drawing up business plans for the Company, appraising potential acquisitions and overseeing the introduction of Jewson systems in acquired or greenfield development branches.

Purchasing policies also fall within the responsibility range of the Commercial Director and his accountant will monitor the planning and control in this area as well as the specification and operation of a project control on company advertising.

The successful applicant will be thoroughly business orientated and will show a career to date which is evidence of this. The post offers exceptional career prospects together with an involvement in helping to further develop a multi million pound company.

Age range 28-35, in addition to salary a range of big company benefits are offered. Relocation help given in appropriate cases.

Write giving full C.V. and current salary details to:-
Group Personnel Manager, Meyer International PLC., Villiers House, 41/47 Strand, London WC2N 5JG.

TIMBER & BUILDING MATERIALS **JEWSON**

Divisional Finance Director
Blackburn £neg + car

Prestige Group UK PLC, the premier name in housewares with an enviable reputation worldwide now needs, as a result of an internal promotion, a *Finance Director for its* profitable bakeware division located in Blackburn, Lancashire.

The requirement is for a commercially aware, qualified accountant with a manufacturing background, capable of producing and interpreting information to a tight time schedule. Aged 30-40, candidates should be technically strong and have cost *accounting and DP experience. A broad business background is desirable and total* commitment essential.

If the opportunity to make an important contribution to the manufacturing operation of a successful group appeals, please send full career details to:

Ken Wallace, Operations Director,
Prestige UK PLC,
India Mill, Skew Bridge, Blackburn,
Lancashire BB1 9SY.

Prestige

ACCOUNTING ADMINISTRATOR

Have you the imagination to streamline the accounting and marketing support administration procedures from the very beginning, *for a Dynamic new partnership introducing high* quality SCANDINAVIAN products into U.K. for the first time to the following industries:—

HOSPITAL SUPPLIES — FOOD PRODUCTS
FURNITURE & HOUSEWARES—INDUSTRIAL MACHINERY
FOR
FOOD PROCESSING & METAL WORKING INDUSTRY

If you are a qualified Accountant with a flair for marketing analysis and support, cutting through red tape, send your resume to:—

SCANDINAVIAN BUSINESS SERVICES LTD.
Tower Bridge Square
66 Gainsford Street
London SE1 2NB

GROUP ACCOUNTANT
Central London To £20,000 + Car + Share Options

Four years ago this public group had one product, a declining market share and profits were little better than break even. Through the efforts of its new management the group's fortunes have altered dramatically by establishing new markets for existing products and by acquisition. Turnover will be around £200m in the current year, profits are expected to treble and there are further acquisitions in the offing.

This new position is based in the small group Head Office and reports to the Senior Financial Executive. Responsibilities include inter alia assisting in the development of new group accounting systems, assimilating new acquisitions into the group, treasury management, and various ad hoc projects.

The successful candidate will be a qualified accountant aged 25-30 with approximately two years post qualification experience. Candidates should have an understanding of group reporting requirements in a PLC. Essential personal qualities are *empathy with subsidiary company management,* whilst appreciating the group's financial objectives. Prospects are excellent for an ambitious young accountant.

Interested candidates should contact Robin Rotherham on 01-541 5580 or write enclosing curriculum vitae quoting ref: 1293 to the address below.

Accountancy OPTIONS
6-8 Thames Street, Kingston-upon-Thames, Surrey KT1 1PH

FINANCIAL CONTROLLER
Milton Keynes c20K + car

OUR CLIENT *has grown quickly into one of the leaders in the business travel, incentive* and motivation industry.

THE REQUIREMENT is for a young profit-minded qualified accountant whose outlook and commercial experience is relevant to the creativity, innovation and hard work that clearly have been the basis of the company's success to date and are important to future growth.

THE TASK is to head up and to develop the effectiveness of the finance function in the Group covering financial, management and statutory accounting, treasury, company secretarial work, some administration and to develop systems of internal and financial control. The environment is busy and immediate. Of particular importance is the input of financial expertise to the planned growth and diversification of the business.

THE REMUNERATION PACKAGE *of c £20K plus car is flexible. A directorship is* envisaged in the medium term. The Board see this new pivotal appointment as a major career commitment as a leading member of an established management team.

Please write in complete confidence to the Managing Director

Tanstead Associates Ltd
Executive Search & Selection
West End House, 11 Hills Place, London W1R 1AG

a member of the Tanstead Professional Group

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£43 per single column centimetre and £12.50 per line
Premium positions will be charged £52 per single column centimetre

For further information call:
Daniel Berry 01-248 4782
Emma Cox 01-236 3769

Accountancy Appointments

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

CJRA

FINANCIAL CONTROLLER

ESSEX **£23,000–£28,000 + CAR**

£20 MILLION TURNOVER FAST GROWING MARKET LEADER IN MEDICAL AND INDUSTRIAL OPTICAL INSTRUMENTATION

Promotion has created a vacancy for a Financial Controller to take overall responsibility for the Group's accounting, financial reporting and financial management. Applications are invited from Chartered Accountants, aged 27-35, with at least 4 years post qualification experience with a minimum of 2 years practical experience within commerce. The successful candidate will be expected to work closely with the Financial Director in the management of the Group's cash flow, foreign exchange and profitability and oversee the accounting and financial reporting function. A strong team already exists achieving the Group's strict deadlines and the successful candidate can count on maximum support. The accounting function is unusually well integrated with the mainstream activities of the company. A successful candidate with the flexibility of mind to adapt to such involvement can count on a high degree of job interest, challenge and opportunity. Initial salary negotiable, £23,000–£28,000 + car, free B.U.P.A. (after one year), contributory pension scheme, free life assurance and assistance with relocation expenses if necessary. Applications in strict confidence under reference FC18632/FT, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: C.J.R.A.

A new position combining analytical and technical accounting skills, offering opportunity for career progression

ALPS

MANAGER – FINANCIAL ACCOUNTING – MERCHANT BANKING

LONDON EC2 **£22,500–£27,500 + GENEROUS BENEFITS PACKAGE**

EXPANDING INTERNATIONAL MERCHANT BANK

On behalf of our clients, we invite applications from Accountants (ACA, ACMA, ACCA), aged 28-32, with 3 years' post-qualification experience in an international bank or on banking audits within a major professional accounting firm. The successful applicant, leading a small and experienced team, will be responsible for statutory accounts, budgeting (using a microcomputer model) and technical assignments for senior management, risk monitoring and reporting, tax efficiency assessments, foreign exchange position and asset projections etc. The essential ingredients of this appointment are the ability to work effectively and accurately under pressure, and retain an objective commitment to meeting deadlines, with the potential, as the next step, to take on wider responsibilities in an environment which recognises and rewards personal effort. Initial salary negotiable £22,500–£27,500 + generous banking benefits, including non-contributory pension, mortgage subsidy, free medical and life assurance. Applications in strict confidence, under reference MFA 126/FT, to the Managing Director: A.L.P.S.

Initial one year renewable contract with prospects of becoming Financial Director of this long term project

ALPS

FINANCIAL CONTROLLER – SPORTS AND LAND DEVELOPMENT CO.

PORTUGAL – ALGARVE **C£20,000 WITH LOW TAX + BONUS, HOUSING, CAR**

MAJOR NEW GOLF, LEISURE AND RESIDENTIAL DEVELOPMENT CONTROLLED BY SUBSTANTIAL BRITISH INTERESTS

For this new appointment, applications are invited from qualified Accountants, preferably ACA, aged 30-55. The younger candidate will have a minimum of 5 years broad post qualification business experience to include ideally a background in the commercial management of similar large projects. More mature candidates will be expected to demonstrate an outstanding record at senior level in financial management control of substantial overseas operations. A knowledge of Portuguese will be advantageous. Reporting to the resident Managing Director and liaising closely with other Board members, shareholders and advisors, the successful candidate will be responsible, supported by a small team, for all aspects of the financial management of this project. This will include budgets, forecasts, cash flow monitoring/planning, mangement reporting and the further development of financial procedures and controls. The ability to meet objectives with the minimum of direction plus total flexibility and the will and attitude to contribute to overall policy and success are essential. Initial salary, with significant tax benefits, negotiable C£20,000 plus performance related incentive, furnished housing, car, life insurance, medical cover and annual leave with passages. Applications in strict confidence, under reference FC 125/FT to the Managing Director: A.L.P.S.

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE 01-628 7539

AMBITIOUS ACCOUNTANTS

one of our most crucial investments

£18-£25K + excellent benefits · Central London

Out of assets of over £20 billion managed worldwide by the Prudential, some £17 billion is invested from our London head office by Prudential Portfolio Managers (PPM), the Prudential's investment management company and the UK's largest single institutional investor.

The sheer size and diversity of our activities offers scope for talented accountants which few companies can match. In our rapidly expanding business, where new products and markets are being continually developed, the Finance Division performs a critical role. From strategic planning to special projects accounting, the challenges call for agile minds and ambitious talents.

The following three vacancies have arisen due to internal promotion and expansion into new areas. They call for professionally qualified accountants with diverse skills and varying depths of experience. Nevertheless, they all offer one common incentive: a matchless opportunity to stretch your talents and broaden them into new areas of expertise.

Manager: Project Accounts c.£25K

As Manager of the Project Accounting Section, you will be responsible for a team of three accountants. With the expansion of our existing businesses and the development of new initiatives, you will be required to develop systems to co-ordinate and improve the financial reporting and control within the Group. Your job will also entail identifying areas of weakness, defining project terms of reference and managing the projects through to implementation. The post calls for an accountant with good commercial awareness and a strong personality. As the manager of other accountants you must be capable of leading by example. You will probably be in your late 20's/early 30's and have solid management accounting and project management experience.

Financial Accountant c.£18K

If you are a recently qualified accountant either from the profession or industry/commerce, we can offer you an excellent career move.

As PPM's Financial Accountant, you will be responsible for providing a full financial accounting service in respect of the PPM Group and subsidiaries, ranging from consolidations for the Group, statutory accounts, computerised and manual ledger systems and corporate tax affairs. You will also gain considerable experience in operating and developing our new enhanced computerised accounting system. Career prospects in our expanding business are excellent.

Special Projects Accountant c.£20K

When a new financial product, service or company is being created, or internal reorganisation is being considered, the Special Projects Team advises on financial and related implications. These assignments, plus a wide variety of ad-hoc projects in accounting, financial and administrative areas, involve working in multi-disciplinary teams with exposure to many operational aspects of PPM such as marketing, legal, computer systems, taxation and other key areas. This is excellent commercial experience for an ambitious recently qualified accountant looking for investigative challenges beyond the basic accounting functions. Few positions offer a better chance to gain a broad overview of the business environment in the financial services sector. The successful candidate will have first-class communication skills in addition to commercial awareness and a professional disciplined approach.

The salaries quoted will be supported by a generous benefits package including subsidised mortgage and non-contributory pension scheme.

If you'd like us to consider investing in your talent, please write with full cv and in strict confidence to:
Patrick Margrave, Personnel Officer,
Prudential Portfolio Managers Limited,
142 Holborn Bars, London EC1N 2NH.

PRUDENTIAL
Prudential Portfolio Managers Limited

Group Financial Director

Central London
To £35,000 + car

Our client is a young, rapidly expanding group of public companies, which has achieved considerable success in a growing market. Supplying a range of advanced electronic telling and communication equipment, and a sophisticated networking facility, they are now in a position to build upon their already substantial market share. As a consequence, a new position has been created for a Group Financial Director to take responsibility for all financial affairs and lay the foundations for the eventual attainment of a full listing.

This is a senior Board appointment demanding a broad range of financial and commercial skills. You must be a highly motivated qualified accountant in your 30's, with sound experience of project management and strategic planning techniques, capable of taking an overall view across a diverse range of external projects and internal activities. Although ideally with some exposure to mainframe computer installations, ultimately it will be your commercial acumen and managerial ability that will establish you as a key board member, interfacing with large City institutions and responsible for determining the Group's financial future.

This is an excellent opportunity to join a dynamic organisation at an exciting stage of growth. In addition to a salary of up to £35,000+ car, the company offers a comprehensive benefits package which includes pension, private health and executive share option scheme.

Applications giving full personal and career details, including current salary, should be submitted quoting reference SHA.850 to Samuel Seager at Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.

SH **Stoy Hayward Associates**
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

INBUCON

Commercial Leadership in a Technological Environment

Our Client, located between London and Birmingham is one of Britain's most successful technological/engineering based research companies, with an excellent record of achievement, financial stability and sustained growth; approaching a £6 million income with a staff of over 200.

Candidates are sought for two senior appointments, at salaries of between £25,000 and £30,000, and of special interest is the fact that they hold the potential for substantial equity participation.

FINANCIAL GENERAL MANAGER (DIRECTOR DESIGNATE) Ref 4162

As a member of the Board, reporting to the Chief Executive, to be responsible for all financial and secretarial as well as Personnel matters. Candidates must be professionally qualified, and those from a high technology or engineering environment and with some knowledge of corporate restructuring or acquisitions and funding will have an advantage.

COMMERCIAL GENERAL MANAGER (DIRECTOR DESIGNATE) Ref 4182

To formulate and action the company's Commercial, Business Planning and Marketing policy. He/she will be a member of the Board and report to the Chief Executive. Ideal candidates will have had experience in a company offering professional services, combined with technical credibility from an engineering or science based background.

The ideal age range is 35-45. The remuneration package will include car, pension scheme and health cover, as well as assistance with relocation where appropriate.

Please write with full career details, quoting the relevant reference to A.G.N. Burden.

INBUCON MANAGEMENT CONSULTANTS LTD,
Executive Search and Selection,
Knightsbridge House, 197 Knightsbridge,
London SW7 1RN

Management Consultancy— An Intellectual Challenge

£23,000 to £29,000

Make your mark as a Financial Management Consultant with one of the smaller up-and-coming City consultants. Your accountancy qualification and systems orientation will already have taken you to one of the top two spots in a division or headquarters of a large company. Move on now to an intellectually demanding role—interpreting, evaluating, recommending and implementing systems solutions for clients in commercial and governmental sectors. Here, you'll make an impressive impact at senior level mainly liaising with Production and Sales Directors. Make an impressive impact also on your career as opportunities abound to reward your achievements. Age range 27-34.

Curriculum vitae to
Stephen Greenwood or Maggie Love

LOVE + TATE
APPOINTMENTS
01 283 0111 · 70 OLD BROAD STREET · LONDON EC2

HMS

NEW YEAR

Our clients a leading merchant bank in the City have an urgent need for the following, to join them in their planned expansion in 1987:

FINANCIAL ANALYST £26-27k
F/Q-P/Q Lotus exp, key role, varied position, excellent career path.

FINANCIAL CONTROLS MANAGER £26k
Systems development — full responsibility! 2-3 years' post quals — IBM 36 + PC exposure. Prospects to move within the group.

CAPITAL MARKETS ACCOUNTS MANAGER £25k
Fully qualified you will need an excellent track record and a merchant banking background. This is a new but senior role with excellent career development!

CAPITAL MARKET ANALYST c£20k
Newly qualified — exciting varied role — merchant banking and PC exp.

All the above positions carry all the associated perks within this industry, eg 26 days holiday, non cont pension, BUPA, etc.

NEW CAREER

ACCOUNTS MANAGER c£18k+Car (under review)
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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday January 8 1987

Sun Life abandons plan to restructure

By Nick Bunker in London

SUN LIFE, the life assurance group, was forced to scrap plans for corporate restructuring yesterday when its biggest shareholder voted them down.

The rebellion came from TransAtlantic Insurance Holdings, a UK-based financial services offshoot of Liberty Life, South Africa's third-biggest life insurer.

At a special shareholders' meeting, TransAtlantic used its 25.7 per cent stake in Sun Life to veto a scheme for reorganising the group around Sun Life Corporation, a holding company created last year.

Sun Life proposed its reorganisation on December 8, to ease the group's diversification into financial services beyond its core life assurance business.

This was because the holding company would not be subject to statutory controls which limit insurance companies to insurance-related operations. Several major insurers, led by the Prudential in 1978, have adopted structures resembling Sun Life's scheme.

It needs, however, the backing of the least 75 per cent of votes cast at yesterday's meeting.

Mr Mike Middlemas, TransAtlantic's managing director, accepted the new structure in principle, but accused Sun Life of undue haste, inadequate safeguards for shareholders' rights and a failure to communicate with big investors over its diversification plans.

"I suspect Sun Life just don't want any big shareholders at all," he said.

TransAtlantic began building its stake in Sun Life in 1980 but has never obtained a seat on the group's board.

Mr Middlemas said that Sun Life's restructuring proposal would have threatened shareholders with dilution of their stakes.

"It is quite clearly in Sun Life's interests to go away and come back with new proposals for us to look at," Mr Middlemas said. That was flatly ruled out by Sun Life last night.

Sun Life's chairman, Mr Peter Grant, condemned TransAtlantic's objections to the plan as "wholly unreasonable nit-picking" prompted by pique over Sun Life's rejection of a merger proposal from the company.

A merger with TransAtlantic would have led to Sun Life "slipping sideways into the hands of Liberty Life," he said. Yesterday's abandonment of the restructuring plan would not harm the group.

Mr Middlemas said that talks between TransAtlantic and Sun Life about a merger or a business partnership began before the restructuring plan was announced. But the discussions "proved unproductive," Mr Middlemas said, when Sun Life insisted that TransAtlantic dispose of its shareholding as a precondition of any agreement.

US mining group to take $108m charge

By Our Financial Staff

M.A. HANNA, the Cleveland-based metals mining group, is to take a net charge of $108m against fourth-quarter earnings because of restructuring activities, causing a loss for the period.

The company, which mines iron ore, nickel and other minerals, said the charge, which amounts to about $9.55 a share, will include the write-off of Hanna's nickel investments, write-downs of energy and minerals investments and other restructuring costs.

M.A. Hanna said that it would incur about $59.2m in fourth-quarter charges for the permanent closure of its wholly owned ferro-nickel operation in Oregon and the write-off of other nickel investments.

Charges of $29.7m are related to a write-down of eastern coal investments whose value, the company said, had been permanently impaired by a depressed coal market.

Peugeot marks recovery with promise of dividend

BY PAUL BETTS IN PARIS

PEUGEOT will pay a dividend this year for the first time since 1979, Mr Jacques Calvet, the chairman of the private French car group embracing the Peugeot and Citroën car marques, said yesterday.

Mr Calvet added, however, that the group had not yet decided whether the first dividend pay-out in seven years would involve "a symbolic or more substantial amount." None the less, the decision to pay a dividend marks a new chapter in the recovery of the French private car group, which after several years of heavy losses and widespread restructuring is now in the black.

Mr Calvet also disclosed yesterday that the group's Automobiles Peugeot subsidiary would report a substantially higher profit for 1986 compared with the FFr 658m ($103m) earnings of 1985. He indicated that last year's earnings of the large car division would be "well over 30 per cent higher" than the year before. Mr Calvet said last month that the group's other main car division, Citroën, would also report a profit for 1986 after six years of consecutive losses with earnings estimated at around FFr 300m.

However, the Peugeot chairman said the group had not decided yet if it was going to raise fresh equity this year although there has been repeated speculation that it would. Mr Calvet indicated that the group would not turn to its shareholders for fresh funds again until it had started paying out a dividend again.

Despite a slump in the sale of car kits to Nigeria and Iran, Mr Calvet said the Automobiles Peugeot division would see a sharp growth in its profits. The rise reflects productivity improvements as well as strong sales in Europe.

Mr Jean Boilot, president of Automobiles Peugeot, said the company's European sales outside France grew by 19 per cent to 437,000 cars compared with 367,000 cars the year before in European markets which grew by an average of 8 per cent. Sales in the Netherlands rose by 44 per cent, 38 per cent in West Germany, 25 per cent in Switzerland, 18 per cent in Italy and 13 per cent in the UK.

However, in France Automobiles Peugeot registrations grew only to 390,000 cars last year compared with 385,500 cars in 1985 in a domestic market which increased by about 7.5 per cent. The company's domestic market penetration also fell back to 20.5 per cent from 21.8 per cent the year before. The company is now hoping to gain 22 per cent of a French market which is expected to total about 1,950,000 new registrations this year, 50,000 more than last year.

Automobiles Peugeot's production rose by 45,000 cars to 1,078,000 last year, with 520,000 Peugeot 205 models produced compared with 498,000 the year before.

Car kit sales to Nigeria and Iran dropped sharply last year to about 30,000 kits from 100,000 in 1985. Mr Boilot said that negotiations were continuing with the Iranian authorities over sales of kits manufactured by Peugeot in the UK to Iran this year. Discussions were also continuing with Tehran over possible modifications or the renewal of the Pekan model which Peugeot has been exporting in kit form to Iran from its Stoke plant near Coventry.

In the best years, Peugeot has sold up to 85,000 kits a year to Iran from the UK. But the level has slumped following the Iranian revolution and the subsequent Iran-Iraq conflict.

In Nigeria, sales of kits for assembly at Peugeot's plant there were also hit by the economic difficulties of the African oil producing country. However, after the introduction of a secondary exchange market by the Nigerian authorities, kit sales have recently resumed, and the Nigerian car plant has restarted production after a temporary shutdown. Mr Boilot said production in Nigeria was currently running at about 100 cars a day. The plant has a capacity of about 250 cars a day.

Mr Calvet also said yesterday he expected Peugeot group debts to show a decline of about FFr 1bn – FFr 1.5bn in 1986 from a total group indebtedness of FFr 32bn – FFr 33bn at the end of 1985. Automobiles Peugeot's debts totalled FFr 11.5bn at the end of 1985 and are expected to decline by about FFr 1bn in 1986.

Cannon dismisses staff and cuts film production schedule

BY ANATOLE KALETSKY IN NEW YORK

CANNON GROUP, the troubled US film company which is the biggest cinema operator in Britain and one of the largest in Europe, has slashed its 1987 film production schedule and laid off an estimated 10 per cent of its US staff.

The cuts follow Cannon's narrow escape from insolvency last month through a complex financial tie-up negotiated with Warner Brothers, the communications group. The cuts suggest that the infusion of $75m in new funds as a result of the Warner rescue will not be enough to restore Cannon's position as a major force in the US and Europe.

Cannon said in Los Angeles late on Tuesday that it planned to produce only 12 to 15 films in 1987, compared with 46 last year. The group also said it was dismissing an unspecified number of employees. Industry observers estimate that around 10 per cent of the company's 250 Los Angeles-based US staff could lose their jobs.

The sharp cut in output is bound to call into question the promises to revitalise the British film industry made by Cannon earlier this year when it bought Thorn EMI Screen Entertainment.

Screen Entertainment included not only the 287 screens of the ABC movie theatre chain, which gave Cannon a 40 per cent share of the British cinema business, but also Elstree Studios, which Cannon suggested might benefit from much new film production work as a result of the acquisition.

In the event, the Screen Entertainment deal has been largely responsible for Cannon's financial crisis, which came to a head last month when Cannon was unable to meet a payment of $75m owed to Bond Corporation of Australia, which had previously bought Screen Entertainment from Thorn EMI.

Cannon eventually made its payment after offering Warner convertible and preferred securities which could eventually give Warner a 23 per cent stake in Cannon, as well as an option for Warner to buy 50 per cent of Cannon's European Theatres for only $50m.

L and G Australia premiums up

BY CHRIS SHERWELL IN SYDNEY

AN INSIGHT into the dramatic transformation now being experienced by Australia's insurance industry appeared yesterday with the publication of 1986 premium income figures by Legal and General Australia, the local subsidiary of the British insurance group.

The figures showed a rise in total new premium income from A$76.6m (US$51m) in 1985 to A$201.7m. The bulk of the increase was due to single premiums from deferred annuities.

The rise reflects a major tax change which took effect in July 1983, under which employees changing jobs could avoid a new 30 per cent tax on payments they received from their employers by accumulating the payments until retirement.

For Legal and General, total single premiums rose from A$58.9m in 1985 to A$175m, which represented 86.8 per cent of total new premium income. The contribution from deferred annuities rose from A$5.5m to A$82.9m last year.

The other major growth area in single premiums, came from insurance bonds, which rose from A$40.2m to A$71.6m.

According to Legal and General, which is the first company to report its unaudited 1986 figures, its performance in these areas is certain to be mirrored by the rest of the industry.

That could mean some big numbers from companies such as AMP and National Mutual, which control more than half the Australian market. Legal and General, though bigger than these worldwide, is only about the sixth-largest insurance company in Australia.

Its 1986 figures also showed that, with the increase in single premiums from deferred annuities, insurance bonds, group superannuation and other items, the relative importance of annual premiums has declined.

Their contributions to new premium income halved from 26.7 per cent of the total to 13.2 per cent. In absolute terms, however, they still rose from A$20.7m in 1985 to A$26.7m.

San Paolo sells stake in NBA

BY ALAN FRIEDMAN IN MILAN

THE ISTITUTO San Paolo di Torino, one of Italy's biggest banks and an original member of the consortium of seven private and state banks which took control of Banco Ambrosiano in 1982, has sold its 8.92 per cent shareholding in Nuovo Banco Ambrosiano (NBA), the successor to the late Roberto Calvi's bank.

San Paolo sold its ordinary and savings shares in NBA to Crediop, the Rome-based medium-term credit institute, for L152bn ($112.6m). Crediop is also said to be negotiating to acquire a similarly sized share packet in Nuovo Ambrosiano from Banca Nazionale del Lavoro (BNL), the largest Italian bank

The San Paolo stake in NBA consisted of both ordinary and savings shares with total voting rights equal to 9.8 per cent of the bank.

The price paid by Crediop for the NBA stake amounted to L4,000 a share. The price of NBA shares on the Milan bourse yesterday was L3,805 each.

Both San Paolo and BNL no longer view their holdings in Nuovo Ambrosiano as strategic and therefore prefer to realise the value of the stakes in order to invest elsewhere.

Nuovo Ambrosiano has undergone a successful restructuring since 1982 and is this year expected to produce a group consolidated net profit of around L100bn.

Record car sales for Saab Scania

By Kevin Done in Stockholm

SAAB-SCANIA, the Swedish automotive and aerospace group, achieved record car sales last year with an increase of 18 per cent to 126,000 units.

The company is investing heavily in new capacity and is planning to build a new car assembly plant in Malmo in southern Sweden, which is due to come into production in 1989.

Under the current investment programme the group will have increased production capacity to 150,000 cars a year by 1988 and 180,000 by the end of 1989.

Mr Sten Wennlo, head of the Saab car division, said that production would increase by a further 5 to 8 per cent a year in both 1987 and 1988. Sales this year are forecast to reach 133,000 to 135,000 – more than double the 1980 production level of 65,800 units.

All the sales increase last year came from the Saab 9000, which was introduced in 1985 for the first time in most of the group's export markets and which moved Saab decisively up-market into more direct competition with BMW, Daimler-Benz and Volvo in the luxury car market.

In the US, the group's most important car market, sales increased by 24 per cent last year to 46,400 cars, and in western Europe – outside Scandinavia – sales jumped by 25 per cent to 27,200.

Inco names new chief executive

By Bernard Simon in Toronto

INCO, the world's leading nickel producer, has named Mr Donald Phillips as chief executive officer to replace Mr Charles Baird, who retires in September.

Mr Phillips, who turns 57 today, is currently the company's president and chief operating officer.

Boone Pickens renews assault with bid for 18% of Diamond

BY JAMES BUCHAN IN NEW YORK

MR T. BOONE PICKENS, the acquisitive Texas oilman, yesterday renewed his assault on Diamond Shamrock, the Dallas integrated oil company which recently halved its dividend.

A group consisting of Mr Pickens' company, Mesa Limited Partnership, and Mr John Harbert, a southern businessman, yesterday offered $15 a share in cash for up to 20m shares or 18 per cent of Diamond.

Last month, Mr Pickens and Mr Harbert, who owns 4.5 per cent of Diamond, abruptly dropped a $2bn offer of Mesa shares after Diamond rejected the approach. If accepted, the new offer will give the Pickens group, known as Lucky Partners, 22.5 per cent of Diamond. Diamond, which lost $98m in the third quarter on sales of $563m, had adopted a shareholders' rights plan, or "poison pill", which is activated if any

T. Boone Pickens

shareholder reaches 25 per cent of the common equity.

If successful, Mesa will revive the earlier plan and offer the remaining shareholders units of the limited partnership, which currently offer a $2 a share cash distribution against last year's Diamond dividend of $1.57.

Mr Pickens, who has bitterly criticised Diamond for rejecting the earlier offer, said the new cash offer increased the likelihood shareholders would be able to judge for themselves. Diamond has cast doubts on Mesa's ability to go on paying $2 a share without access to Diamond's cash flow.

Diamond's shares rose $⅝ to $14⅞ in early trading yesterday.

The renewed attack on Diamond comes after a year in which Mr Pickens has uncharacteristically abstained from harrassing his favoured prey in the depressed US oil and gas sector. He made hostile bids for Phillips Petroleum and Unocal in 1984 and 1985.

Lockheed pulls out of electronics joint venture

BY OUR NEW YORK STAFF

MICROELECTRONICS and Computer Technology Corporation, the joint venture which was established in 1983 to help the US computer industry meet Japanese competition in long-term research programmes, suffered a series of blows this week with the withdrawal of three leading high-tech companies.

Lockheed Corporation said yesterday that it had notified the Austin-based consortium, which is known as MCC, of its intention to pull its missiles and space subsidiary out of the co-operative research effort. Earlier this week it emerged that Unisys, the second-largest US computer company, and Allied-Signal, a diversified engineering and technology concern, had also notified their withdrawal.

All three companies will remain in MCC until the end of 1987 since the joint venture's rules require a year's notice of withdrawal and will continue to contribute to MCC's research budget of $75m for 1987.

However, the loss of Unisys in particular will be a serious blow, because the company was one of MCC's biggest providers not only of money but also of research expertise.

Unisys, through its Sperry Univac subsidiary, is one of the leading US manufacturers of large mainframe computers

These programmes, which were designed to compete with research efforts at the leading edges of computer technologies which have been co-ordinated by governments in Japan and the EEC, cover artificial intelligence, semiconductor packaging, database management, parallel processing, software technology, computer-aided design and interaction between people and computers.

CAP Gemini in US computer unit purchase

By George Graham in Paris

CAP GEMINI Sogeti, the acquisition-hungry French computer services group, has added a US company to its list of purchases.

Sycomm Systems, a New Jersey computer services company specialised in the financial and telecommunications areas, will take Cap Gemini's US turnover to an estimated $150m in 1987. Sycomm itself was "modestly profitable" in 1986 on a turnover of $18m.

The French group doubled its size in the US with the purchase a year ago of the consulting arm of CGA Computer and has since then added acquisitions in West Germany and Italy.

No price was given for the purchase of Sycomm, which is still expected to leave a considerable portion of the FFr 1bn ($158.7m) of new capital Cap Gemini has raised over the past year.

Wang cuts pay in US and sheds 1,000 jobs

By Our Financial Staff

WANG LABORATORIES, the Massachusetts-based manufacturer of office automation equipment, is cutting pay for US employees by 6 per cent immediately and shedding 1,000 jobs in anticipation of an operating loss for the second quarter ended December 31, as reported in brief yesterday.

Wang said that the second-quarter loss would be no less than that of the first quarter. The company reported a net loss of $30m for the first quarter ended September 30.

The company, which recently named Mr Frederick Wang president to succeed his father An Wang, said that it would report the second-quarter results on January 20. Wang reported a second-quarter profit of $28.7m on sales of $679.5m in the year-ago quarter.

Wang said that the actions would reduce expenses by 4 to 5 per cent, or about $50m in the next six months, and were necessary steps towards reaching profitability in the fourth quarter, which it said it is determined to achieve.

The pay cut will be for six months and be accompanied by a stock grant. This will entitle employees, employed through January 1 1988, to receive an amount of Class B common stock equal in value to half the amount of their salary reduction.

Those still employed through January 1 1989 will have the right to receive stock equal in value to the other half of the salary reduction.

Wang estimates that 1.3m shares will be distributed to employees in the stock grant programme.

Banca Nazionale del Lavoro plans to float three subsidiaries

BY ALAN FRIEDMAN IN MILAN

THE BANCA Nazionale del Lavoro (BNL), Italy's largest state-owned bank, is planning to sell shares on the international capital market and also plans to float three of its non-banking subsidiaries on the Milan bourse this year.

Mr Nerio Nesi, BNL chairman, said yesterday that he expected the bank to sell shares outside Italy. He did not specify the amount to be raised.

Mr Nesi said that BNL was putting the finishing touches on partial privatisation share offers for Locafit, a leasing subsidiary, for Ifitalia, a factoring company, and for BNL holding, which groups together 32 "para-banking" companies controlled by the BNL group.

Locafit has 22 associated companies which last year obtained L1,071bn ($793m) of leasing contracts. The Locafit parent company, which has L50bn of paid-in capital, made a pre-tax 1986 profit of L11.6bn.

Ifitalia has 37 associated factoring companies, paid-in capital of L40bn and a 47.4 per cent share of the national factoring market in Italy.

Ifitalia's 1986 operating profit was L5.5bn, and its outstanding factoring turnover last September came to L6,480bn, of which L2,090bn was attributed to the parent company.

BNL Holding has L120bn of capital and operates in a variety of sectors such as leasing, factoring, auditing and other activities

At least some of the share offers are expected before the middle of the year although Mr Nesi gave no indication of how much was likely to be asked of the market. It is assumed that something like 20 to 25 per cent of each company's shares will be offered on the Milan stockmarket.

Thai bank faces cut in capital

BY PETER UNGPHAKORN IN BANGKOK

THE BANK of Thailand is poised to impose stringent disciplinary measures on Siam City Bank today, starting with a reduction in its capital to one 20th of par.

Siam City, ranked about ninth out of Thailand's 16 commercial banks, failed to increase its capital from baht 800m ($30.66m) to baht 1,800m by the end of last month. This had been required by the central bank as part of efforts to cover outstanding bad and doubtful debts estimated at baht 3,000m.

The central bank also wanted its shareholders, dominated by the Mahadumrongkul family, to come up with another baht 500m this year.

Following negotiations with Siam City's management the Bank of Thailand told Siam City to provide by last night convincing evidence that the capital could be raised.

So far the troubled bank's shareholders have only raised baht 107m in new capital, and the central bank is expected to order an 80 per cent cut in the par value of Siam City's shares under new powers approved last year.

Siam City is the third Thai bank to require baling out in the past few years. But whereas the first one, the Asia Trust Bank, was nationalised, the Bank of Thailand is determined to keep the bank in private hands while preventing its collapse.

Central bank officials are believed to have already held informal discussions with possible new shareholders who would broaden Siam City's ownership and introduce a more modern and effective management.

The central bank might also take up a stake of up to 10 per cent in new equity through the Fund for the Rehabilitation and Development of Financial Institutions which it controls but is paid for by all banks.

The fund is one of a number of controversial powers, including criminal prosecution of bank executives who commit serious offences, granted to the Bank of Thailand to allow it to prevent banks from collapsing.

Siam City has suffered from internal quarrels, poor financial management and recession-stricken customers. But it has survived persistent reports about its weakness without a run on its deposits, largely because of belief that the central bank would support it.

Meanwhile, the First Bangkok City Bank, which underwent a rescue reorganisation last year, announced yesterday that it made profits of baht 164m last year. Deposits were reported to have increased considerably since September, following a reorganisation.

AIBD BOND INDICES
WEEKLY EUROBOND GUIDE JANUARY 6, 1987

	Redemption Yield	Change on Week	12 Months High	12 Months Low
US Dollar	8.497	0.224	10.262	8.450
Australian Dollar	13.853	−1.142	14.587	12.830
Canadian Dollar	10.085	−1.128	11.704	10.082
Euroguilder	5.945	−1.180	6.314	5.804
Euro Currency Unit	8.544	−0.059	9.524	8.164
Yen	6.167	−0.709	7.002	6.166
Sterling	11.023	−1.703	11.932	9.751
Deutschemark	6.266	−0.571	6.947	6.265

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Alexander Nicoll on efforts to computerise the securities markets

Firms seek benefits of automation

A DRIVE is under way to computerise the nuts and bolts of the international securities markets.

In the Eurobond market, a new price quotation system for the secondary market is under close consideration, and there have been experiments with a computerised system which would inform primary market participants simultaneously of new issues. Several plans for trade confirmation services are also under way.

In international equity trading—increasingly the focus of attention for securities houses—pilot links have been established between the clearing houses of stock exchanges. New services are being launched which would reduce the costs of international dealing, as well as the extraordinarily high level of cross-border transactions which go wrong.

Ms Graciela Chichilnisky, chief executive of Fitel, a company providing a new trade confirmation system for international securities, estimates that 40 per cent of international equity trades fail to be completed because incorrect information is passed — or is claimed to have done so — between one of the many parties involved: investors, brokers and custodians.

Underlying the current trend is a desire to reduce the overheads for securities firms associated with the time-consuming tasks such as telex or telephone calls, which precede or follow a trade. In addition, automation should stimulate liquidity of markets not only by cutting dealing costs, but also by making them more tranparent.

The Eurobond market already has a technologically advanced underpinning in its clearing systems, Euroclear and Cedel, which between them last year cleared virtually all the over $3,000bn trading volume of the Eurobond market. In addition to clearing, services available to the Eurobond market include custody of securities, trade matching and stock lending.

Greater depth

Many in the market have felt, however, that secondary trading needs to have greater depth. The creation of a reporting dealer system under the auspices of the Association of International Bond Dealers, which took affect last Friday, is an important step in this direction. The 128 dealers have undertaken to report by computer to the AIBD each day their closing quotations for all bonds in which they make markets, and from March they will report high and low traded prices.

More controversial, in a market which traditionally likes discretion, are proposals for a screen-based price quotation system, dubbed AIBDQ. Mr Stanley Ross, a managing director of Deutsche Bank Capital Markets and long-time advocate of automation, is heading the project and holding presentations of a planned system, which follows a study with the National Association of Securities Dealers, operator of the US Nasdaq over-the-counter share market.

At its December meeting, the AIBD board decided to seek proposals from several organisations on joint development of a system. It expects to present final proposals at the AIBD's annual meeting in Oslo in May.

One of the most tiresome problems for the Eurobond market is the need for telex confirmation between the parties to each individual trade. Though such telexes are routinely sent, they are often not read until too late. A trade may then fail because two parties had differing impressions of what they had done, or simply noted the details incorrectly.

Several initiatives are under way to eliminate this. The AIBD has decided to develop a trade confirmation system which could be incorporated into the quotation system. Under the AIBD plan, a trade would have real-time confirmation that details of a trade just done matched those recorded by the counter-party.

Separately, Euroclear and Cedel are holding discussions which could lead to a joint trade confirmation project. The International Commodities Clearing House, which clears London and international futures and options markets, is also working on a trade confirmation system for the Eurobond market.

Streamlining

Fitel, which has its central computer in London, began commercial operations yesterday with Wells Fargo, one of the largest US fund managers, on line to its Equinet service, after a pilot project involving Salomon Brothers, Bear Stearns and First Chicago. It does not provide clearing or settlement, but streamlines the information flows between all the participants in a trade, including brokers and custodians of securities.

The London Stock Exchange, following its recent infusion of new blood from international securities houses, which are keen to develop a new, technologically based international equities market in London, can also be expected to have an impact on the new trend. Its clearing systems, Talisman, has pilot links with US clearing corporations, including the National Securities Clearing Corporation, which are due to be expanded.

Japan to guarantee fewer foreign bond flotations

BY YOKO SHIBATA IN TOKYO

A TOTAL of Y525bn ($3.29bn) worth of foreign bonds guaranteed by the Japanese government is expected to be floated in fiscal 1987, against Y558bn during the current fiscal year.

The projected decline is due primarily to the prospective privatisation of Japan Air Lines (JAL) during the next fiscal year, removing this large borrower from the category of those covered by the Japanese government's guarantee. In the current fiscal year, bond issues by the national flag carrier are likely to amount to some Y60bn.

The fiscal 1987 programme of issues includes for the first time the Osaka prefectural government, now an eligible borrower. It is seeking to raise Y20bn to finance land reclamation work for the projected Kansai International Airport.

The Japan Development Bank, the largest single borrower entitled to the government guarantee, is planning to raise Y123bn, the same total as in this fiscal year.

Export-Import Bank of Japan has announced an increase in its needs next fiscal year to Y58bn from Y53bn. City of Yokohama will seek Y11bn compared to Y12bn, while Tokyo metropolitan government will hold its total at about Y60bn.

Meanwhile, it is understood that Tokyo's $100m issue, due to be launched during the current fiscal year, will not be floated before March.

Multi-option facility and sterling paper for Bulmer

BY HAIG SIMONIAN

H. P. BULMER, the British cider and drinks manufacturer, is launching a £80m five-year multi-option facility and a £50m sterling commercial paper programme to refinance and consolidate a number of earlier short-term borrowings.

County NatWest Capital Markets is arranging the multi-option facility while Samuel Montague is organising the commercial paper deal, with Morgan Grenfell and County NatWest as co-dealers.

Bulmer's muti-option facility is along the lines of a club deal, being syndicated to a small group of relationship banks. The facility incorporates a £30m stand-by, which can be activated should the company not wish to draw the entire £80m through the tender panel mechanism.

The stand-by is priced at 15 basis points over London interbank offered rate or the eligible bill discount rate. There is a 7.5 basis point facility fee for the first two years, rising to 10 basis points thereafter. No utilisation fee will be payable on the first 50 per cent of the stand-by. However, Bulmer will be charged five basis points on the entire amount of the stand-by it uses should it exceed the 50 per cent level.

Bulmer's sterling commercial paper programme includes a dollar option, which will definitely be activated, according to Samuel Montagu. Bulmer runs a sizeable apple juice operation in the US.

Malaysia to bail out co-op depositors

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN Government has announced a rescue plan to bail out more than 0.5m depositors who have been unable to withdraw deposits totalling 1.5bn ringgit (US$580m) from the suspended deposit-taking co-operatives.

Full details of the rescue package have yet to be finalised, but as a first step, Bank Negara, the central bank, yesterday obtained approval from the High Court to put 16 of the 23 suspended co-operatives under receivership.

Among the co-ops put under receivership is the large Kooperative Serbaguna Malaysia (KSM), which controls several publicly listed companies, including Multi-Purpose Holdings.

The central bank would appoint professional accountants to manage the Co-ops and the receivers would work closely with the banks on how best to bail them out.

So far, 10 commercial banks have agreed to take over the assets and liabilities of 10 co-operatives. Negotiations are going on between other banks and the remaining co-ops.

The 580,000 depositors, most of whom are Chinese, have been told they can expect refunds of between 10 and 30 per cent of their money before Chinese New Year on January 28. The central bank is working round the clock to meet the date-line.

The Malaysian deposit taking co-ops operate very much like credit unions in the West, but with far less supervision.

Last August, immediately after being returned to power in the general elections, the government suspended the 23 co-ops. Subsequent investigations revealed massive mismanagement, corruption and fraud.

A Government White Paper estimated that the 23 co-ops had lost as much as 784m ringgit through share and property speculation as well as corruption.

The five-month suspension has caused great suffering and anguish among the depositors, many of whom are small farmers and petty traders. In recent weeks, they have taken to the streets to demonstrate against the government's inability to find a solution to the co-ops scandal.

The commercial banks are reluctant to get involved in the bailout, but are being pushed by Bank Negara, which has held out the prospect of approving more branches for them. The central bank has also promised a soft credit line for the purpose.

The partial refund of depositors' money is expected to defuse the tense situation. Most difficult problem, however, will come after that has been done. Many of the co-ops appear to have little chance of survival, and may have to be liquidated.

On average, depositors can only expect to get back 55 cents on every dollar deposited.

The scandal has set the Chinese community's economic position back by a few years, and Chinese confidence in their own leaders has been badly shaken.

The issue has also become politicised, as many directors and executives of the co-ops are leaders of the Malaysian Chinese Association, the Chinese partner in the government.

So far, about half a dozen co-op executives have been charged with criminal breach of trust and one was given a 12-year jail sentence. Police say they are looking for at least another 300 co-op officials for questioning.

FFr 1.5bn FRN issue for Indosuez

BANQUE INDOSUEZ, the internationally orientated bank owned by Suez, the nationalised French financial group, yesterday launched a FFr 1.5bn perpetual floating rate loan to boost its capital funds, writes Paul Betts in Paris.

The perpetual floater gets round the restrictions on issuing equity capital by the state bank before its eventual privatisation. Indosuez is hoping to be among early candidates for privatisation.

The bank emphasised yesterday it intended to redeem the floater early or exchange shares for the notes in the event of the group's privatisation. The new loan is indexed at 10 basis points over the average yield of French government bonds for a seven-year period, rising to 20 basis points for the next five years, then to 30 basis points for the next five years, then to 30 basis points for the subsequent five-year period and to 50 basis points thereafter.

See Lex

Credit Agricole well met with $150m fixed-rate deal

BY CLARE PEARSON

NEW ISSUE activity in the Eurobond market was muted yesterday, while secondary trading was generally directionless. The market is awaiting the release of economic data from the US to give it its cue.

Nevertheless, the day's one sizable dollar fixed-rate issue, a $150m seven-year bond for Credit Agricole, met an enthusiastic response. The 7½ per cent issue, led by Bankers Trust with LTCB International as joint book-runner, was quoted at a bid price of 99, against a 100½ issue price.

The deal was launched at a yield margin over US Treasury bonds of 71 basis points and this narrowed slightly during the day.

Meanwhile, the recent issues for two of the UK building societies, the Halifax and the Abbey National, were holding up well on their second day's trading. Both were quoted at discounts to issue price around the level of their total fees.

Elsewhere in the dollar sector, Morgan Guaranty announced a small, specialist deal for Hotel Parker Meridien Capital Corporation, a single-purpose vehicle formed to purchase the mortgage on the Manhattan hotel. The $60m issue was guaranteed by Mitsubishi Bank, and so obtained a Triple-A rating from Moody's Investors Service.

The 10-year 8½ per cent bond, priced at 100½, was issued at a level to give a yield spread at launch of 140 basis points over US Treasury bonds. This hefty margin could make it attractive to banks, which could swap it into floating-rate funds paying around 20 basis points over London interbank offered rate

INTERNATIONAL BONDS

(Libor). But Morgan Guaranty said it had also attracted attention from fixed-rate investors in the Far East.

Nomura International's $60m equity warrants bond for Izumiya, the Japanese supermarket chain, was quoted at 99½ bid yesterday. The five-year bond has an indicated 3½ per cent coupon but final terms will be set on January 13.

The recent rush of new issues in the Australian dollar sector came to a halt yesterday, although Hambros Bank increased its A$35m deal for Societe Generale Australia by A$5m.

Prices in the Deutsche Mark market were easier with some profit taking in older issues. Uncertainty ahead of the upcoming election in West Germany seemed to be contributing to the low volume in the market.

Nevertheless, Dresdner Bank's DM 200m, 10-year, 6½ per cent bond for Banque Francaise du Commerce Exterieur went down well. The deal, priced at 100½, is callable in 1992 at 102 and then at declining premiums. It was quoted at 99½ bid.

In Switzerland, prices were marked a touch firmer in fairly high volume. The major Swiss banks announced they were cutting their customer time deposit rates for three to 12 months by ¼ per cent to 3½ per cent.

Vorarlberger Kraftwerke's SFr 100m issue dropped by ½ point in its second day's trading to 100.

Swiss Bank Corporation announced a 12-year SFr 200m 4½ per cent bond for Oesterreichische Kontrollbank. The par-priced issue is guaranteed by Austria.

Nippon Telegraph and Telephone is expected to issue a SFr 200m, eight-year private placement soon.

Banque Internationale a Luxembourg led a LuxFr 1bn eight-year, 7 per cent bond for the European Investment Bank. There is a purchase fund for the first four years, and it is callable, initially at 101, after five years.

Perpetual floater prices tumble

PERPETUAL floating-rate notes (FRNs) suffered sharp falls yesterday, with prices dropping by between two and five points as dealers rushed to unload their positions.

The fall was triggered yesterday as it became clear that investors had failed to return to the market after the holiday period. As one dealer put it: "The perpetual FRN market has become a game of 'pass the parcel' among market makers."

Last month the market temporarily closed after a similar sell-off and representatives of major firms met in an attempt to stabilise the market. They agreed that some houses would quote issues on a ¼ point bid-offer spread, while others would deal on a negotiated basis.

This plan broke down yesterday as many dealers quoted prices on a spread of 0.50 per cent. Of the 25 or so houses that started the day making markets, dealers estimated that at least five had dropped out. Some dealers said they had not recommenced trading after the holiday period.

Issues for the non-UK and smaller banks bore the brunt of the sell-off. One of the clearing banks' issues — the Lloyds Bank Series 3 — also fell sharply, ending the day at around 92 against an initial trading level about 4½ points better. In general, however, the UK banks' issues fared relatively well, being quoted at around 96 or slightly lower.

Yesterday's sell-off has dashed hopes that the market would revive in the New Year, but no announcement of further dealers' meetings emerged.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MANAGEMENT : Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

UK retail banking

Midland races ahead in radical rethinking

Forced to adjust their marketing approach, the clearers are adopting different strategies. Hugo Dixon reports

THE UK clearing banks' extensive branch networks could be about to shrink, if a leaked document from Midland Bank is anything to go by.

This document, which BIFU, the banking union, got hold of recently, showed that Midland was considering shutting 450 of its current 2,200 branches by the end of the decade. It is the first hard evidence that the clearers are having to rethink their long-established policy of having a presence in every high street. This policy has left UK clearers with the largest branch networks of any commercial banks in the world.

It may seem odd to worry about the profitability of the branch network at a time when clearers are earning record profits, largely on the strength of their performance in retail markets. Stung by their bad debt experience in the Third World, they have been more than happy to retreat to their home base.

But it is precisely because they are now attacking these markets, which they once neglected, with such enthusiasm that previously handsome profit margins are being squeezed. This has already happened in the mortgage and savings markets.

Since the banks moved into home loans and broke up the building societies' cosy cartel which fixed the mortgage rate, the extra 1 per cent that used to be charged for endowment mortgages has been abolished. So has the premium charged for large mortgages.

And competition in the savings market has pushed up the average cost of banks' retail funds. All net new funds are going either into new high interest deposits or high interest accounts, rather than traditional low interest seven-day deposits.

Lloyds Bank is a good example. Over the past year, seven-day deposits have shrunk 3 per cent to £2.7bn, whereas high interest deposits have grown 29 per cent to £2.5bn and high interest current accounts 171 per cent to £823m.

The competition will hot up next year, when the 1986 Building Societies Act comes into force. Societies will then have their revenge as they are allowed into the banks' most profitable markets.

Though the societies are likely to proceed cautiously, the extremely high margins banks now charge on personal loans and credit card borrowing seem certain to come under pressure. At the same time, these markets are likely to be shrinking as consumers who have over-borrowed start to retrench.

Given this competitive environment, the clearers will have three choices: cut their branch networks, the source of most of their overheads; make them work harder; or a mixture of the two.

If they could decide on narrow economic grounds, they would probably cut the networks. Although a larger network is more convenient to customers and, up to a point, can be justified by the extra business it brings in, beyond that point an extra branch brings in hardly any new revenue.

The major clearers are probably a long way past that point. Only the TSB, which has far fewer branches, is still at the stage of building up a comprehensive national network.

But banks are not free to decide on narrow economic grounds. Quite apart from causing a major rupture with their unions, a massive branch closure programme would lose goodwill with the public when their marketing strategies are intended to persuade people that they are friendly institutions.

"Closing branches would be like closing sub-post offices," says Seymour Fortescue, Barclays Bank's director for personal banking. But he cautions: "We have closed a few branches in the past and may have to do so a lot more. . . . We are not a charity."

National Westminster Bank also has plans to reduce its network, which currently totals 3,200 branches. By the end of the decade, it will have shut 100 branches, most of them in depressed areas, says Derek Wanless, its director for personal banking.

But, apart from Midland, none of the clearers admits that it is contemplating more than a trimming of its network. Instead, they are pursuing the strategy of making them work harder—some more vigorously than others.

Such a strategy has five interlinked elements: restructuring the network; computerising it; redesigning branches; retraining branch staff; and getting them to sell a wider variety of products.

First, restructuring the network. This is necessary because banks are running two businesses — personal banking and corporate banking—out of one set of outlets. As a result, neither receives sufficient attention.

Bank managers have to be Jacks-of-all-trades and so lack the skills to give specialist advice to their corporate clients. But since most find corporate lending more glamorous, they have also neglected their personal customers.

As Fortescue puts it: "A personal banker has tended to be regarded as a failed corporate banker." Or as Ian Paterson, Midland Bank's director for retail banking, says: "The all-things-to-all-men branch is not suitable in the 1980s."

Therefore attempts are being made to unscramble the two businesses and focus on each separately. It should then be possible to run both more professionally and, most important, profitably.

Midland has the most ambitious plans. By 1990, it intends to be handling all corporate clients with an annual turnover of more than £5m in 80 new corporate offices.

Smaller corporate clients will be dealt with in 120 large area branches and personal customers in 1,400 small branches. In only 200 branches, mostly in towns where Midland has only one branch, will the two businesses remain entwined.

Barclays is being less ambitious. By the end of the decade, it will have 100 large branches doing mostly corporate business, 1,000 small branches doing mostly personal business and 1,500 medium-sized branches doing both.

Some senior managers at Barclays argue that this is only a "half-way house" and would like to see a more radical split between corporate and personal banking. They say that the bank which goes the fastest down this route will emerge with an important competitive advantage.

NatWest is adopting a similar half-way position, though Wanless warns against taking it any further: "If you split it too much, you reduce the size of the branch network and lose the benefits of convenience it brings."

An even more cautious approach is being adopted by Lloyds Bank, which plans to do no more than set up 60 offices for corporate clients by early 1988. John Dawson, its director for retail banking, describes the plan as slow and evolutionary.

The second element is computerisation. It is not only important to split personal from corporate banking, but also to be able to focus separately on every sector of the personal market: the old, yuppies, home-owners, students and the one-parent families.

Each category has different financial needs. If banks could discover at the touch of a button what they were, their mass-marketing techniques would be more penetrating. However, at the moment, their computer systems are just not structured in this way.

Banks are now investing vast amounts of money to change this. Lloyds' programme is costing £570m over three years, Midland's £400m over five years, NatWest's more than £600m over five years and Barclays is also spending hundreds of millions of pounds.

The third element is to spruce up the branches. They have to be made friendly and welcoming if people are to want to enter them and buy financial services, instead of being austere and forbidding, as is usually the case now.

Space has to be cleared in the front of the branches before bank clerks can come forward and start selling. It is not easy to make a sales pitch from behind a cashier's grille.

Barclays has one of the most far-reaching programmes. Over the next five years, it will be putting plate glass in its branches' windows, redecorating the interiors, making its managers' offices more accessible and pushing back the cashiers' grilles.

The total cost will be £150m—on top of what it would already have been spending on normal refurbishment. Midland is spending even more—£200m over five years.

NatWest is not so sure. It is still at the stage of assessing customer reactions to its pilot scheme and, says Wanless, "adopting a cautious approach."

Lloyds is even less enthusiastic. Its original design did not work, so it has set up another pilot scheme.

"You've got to be awfully careful not to impose your judgment on customers," says Dawson. "They are much more conservative than we are."

The fourth element is retaining staff. It is no use pushing back the cashiers' grilles and bringing bank clerks up front if they do not know how to sell.

But branch staff, who have spent most of the time doing routine paperwork, are not used to selling. According to Philip Warner, who is in charge of Barclays' retraining programme, they have become "human signposts." They need to be taught to sell and "to smile," he says. "Selling banking is no different from selling hamburgers."

All the clearers are retraining their staff, but Barclays has so far gone the furthest. Its 45,000 branch staff have been put through an initial two-day course, teaching them to put themselves in a customer's shoes and to recognise selling opportunities. This is being backed up with regular product training.

The final element is to sell a wider range of products through the branches. As margins on banks' traditional business are squeezed, costly branch networks could be justified if they could be turned into a chain of financial services supermarkets.

The markets which look most promising are unit trusts, life assurance, general insurance, shares, personal equity plans and, from 1988, personal pensions. The clearers are already selling some of these products through their branches, but there is much scope for expansion.

Unfortunately for the banks, their ambitions in three of these markets—life assurance, unit trusts and personal pensions—look like being severely limited by a rule proposed by the Securities and Investments Board, the new financial services watchdog.

This rule, known as polarisation, is due to come into effect some time next year and is intended to prevent conflicts of interest. It will force banks to choose between selling only their own products through their branches and giving independent advice on competitors' products.

If they choose the first option, they will not be able to masquerade as independent advisers. If they choose the second, they will in practice not be able to sell their own products through their branches. Either way, the range of products they can sell will be limited.

Selling unit trusts and life assurance through branches may be stymied by the SIB's rules, but selling shares and PEPs will not. The only problem is that it is far from clear how persistent the demand for shares will be when the hype of privatisation issues has died down.

"Capital markets can devour large amounts of capital and people," says Midland's Paterson. "We have to be careful not to incur more overheads unless justified."

The other banks are more optimistic. "The savings market will be securitised," says Lloyds' Dawson, "and volume players have an advantage." He sees more profits in PEPs than shares and so has tried to pre-empt the competition by underpricing his PEP plan.

NatWest and Barclays put more trust in conventional shares. NatWest has already launched an electronic dealing service for British Gas shares in 245 branches; from the middle of next year Barclays will be operating a similar system for a larger number of shares in 150 branches.

So can the banks afford to keep their networks? Much depends on factors largely beyond their control: how competitive traditional banking markets become; how fast new financial markets grow; and what regulators do.

But even more depends on how managements react to this changing environment. Those which make their branches work the hardest will be able to afford the lion's share of their networks. The others will find that much more savage cuts are needed at a later date.

Spree starts to taper off

LAST YEAR probably saw the peak of the 1980s consumer spending boom, according to the latest forecasts from Staniland Hall, the London business forecasters. However, the spree seems likely to continue during 1987 with only slightly less exuberance thanks to the dampening effects of rising inflation.

The company's latest volume of Consumer Spending Forecasts* says this implies higher interest rates and small reductions in its earlier forecasts for growth in spending and output over the next five years.

It estimates that spending in value terms will grow 8.5 per cent in 1987 after the 9 per cent rise experienced in 1986. Inflation will increase from below 4 per cent in the last quarter of 1986 to around 5 per cent in the last three months of this year.

Working on the assumption that a general election will be held this autumn, Staniland Hall predicts that because the incoming government will be more concerned to check inflation than to cut taxes, 1988 will be "a year of very moderate spending and output growth."

Its forecasts say that total consumer spending next year will rise only 7.2 per cent in value, although the growth rate will pick up again subsequently.

Disposable incomes are forecast to increase 8 per cent this year, thanks largely to tax cuts in the budget, and rise by an average 7.75 per cent a year over the five years to 1991. In real terms, this amounts to 2.75 per cent a year growth compared with almost 4 per cent in 1986 and only 1.2 per cent a year between 1979 and 1985.

Forecasts of spending changes in specific sectors include a 3 per cent increase in new car registrations this year after an estimated 3.2 per cent rise last year. However, the company also predicts a 5 per cent fall in 1988.

The furniture and floor coverings markets, which grew strongly in the past six months are expected to show above average increases this year, and sales of kitchen appliances and home entertainment products are forecast to advance at rates only slightly lower than last year's exceptional levels.

** £95 per issue from Staniland Hall Associates, 42 Colebrook Row, London N1 8AF. Tel 01-359 6054.*

Christopher Parkes

TECHNOLOGY: Computing

BY ALAN CANE

Portable sales fall into Toshiba's lap

TOSHIBA, the Japanese electronics equipment manufacturer, has taken a spectacular lead in Europe in portable or "lap-top" personal computers.

Figures from the Paris-based marketing consultancy, Intelligent Electronics, show that last year Toshiba had 32 per cent of the West European market. Its closest competitor, Bondwell, a South East Asian manufacturer, had only 9.3 per cent, while Hewlett Packard and IBM of the US trailed with 7.3 per cent and 5.3 per cent respectively.

According to Intelligent Electronics, Toshiba's success is not due only to the advanced technical features found in its machines—including high definition gas plasma screens and hard disks—but also to the timing of its entry into the market, and its distribution strategy.

"Toshiba's subsidiaries and its importers started to promote this product range at a time when the European introduction of the Convertible from IBM was expected."

"The company succeeded remarkably well in getting accepted by IBM dealers willing to carry a lap-top model while waiting for delivery of the IBM machine."

Margins were attractive and little extra expertise was needed to sell the product. Now some 50 major European IBM dealers carry the Toshiba portable range.

The market remains difficult and has yet properly to live up to the expectations of the portable manufacturers.

The problem has always been the limited hardware and even more limited software.

Today's lap-top portables, however, are a considerable advance on the Epsons or Tandys of only a year or so ago.

A full-feature lap-top these days is expected to have as standard:

- At least one disk drive for data storage.
- A flat screen, whether liquid crystal or gas plasma, able to cope with 25 lines by 80 columns (the conventional IBM personal computer standard).
- A weight of less than 8.5 kg and a size no larger than a standard briefcase.
- Full functionality including an industry standard operating system allowing programs to be switched and changed.
- Its own power display (plasma screens are the exception — they produce a high quality image but at the expense of high power input).
- A price in excess of $1000.

Intelligent Electronics argues that technological improvement is still necessary. Screen size and quality could be better and more software dedicated to lap-top use is required.

Telecommunications is a further problem. Even if a modem (device for converting the computer's digital signals into analogue signals of the telecoms network, and vice versa) is built in, the user falls foul of the telecommunications regulations if he or she travels abroad. The real boom in lap-tops, Intelligent Electronics concludes, cannot be expected for another few years.

Living with shortcomings of IBM's office software

IBM'S key office automation software, Distributed Office Support System (Disoss), is complex, expensive and performs only moderately well. It has, however, become indispensible for IBM's large customers, whose interest in improving internal company communications is so strong that they are prepared to accommodate Disoss' shortcomings.

This is the chief conclusion of a study* of major Disoss customers in Europe and the US carried out by Xephon, a UK-based consultancy.

Its detailed examination of Disoss in practice at over 60 IBM mainframe sites suggests that IBM has had considerable success in establishing the software as the foundation of office systems strategy at its major customers.

Disoss is designed to turn a large IBM mainframe computer into the heart of an electronic filing and mailing system; it makes possible the storage and retrieval of text or image documents, distribution of information and includes special services such as mail management and calendar facilities.

What makes it large and complex is the fact that it has to work with a large number of existing IBM machines which have little in common.

They include the 8100 and 5520 office computer systems, the Displaywriter word processor and the Scanmaster 1 image terminal. The intention, it seems, is to cover the full range of systems from personal computers through the System/36 and /38 office computers and up to the new 9300 family.

As Xephon points out: "Nobody wanting to arrive at a major system that provided a friendly and consistent user interface, good performance, reliability and so on, would start from having more than seven disparate devices (not including printers) with different, well-established architectures, data document formats and communications protocols."

So Disoss was inevitably going to be an awkward, clumsy child with a voracious appetite for memory and a powerful need for care and support. "Plan for five times the amount of support IBM recommends," one of Xephon's respondents urged. "Double the time IBM recommends for implementation."

It is important, however, because there is basically no competition in an all-IBM environment and because most of the manufacturers offering alternatives on their own machinery—typically Digital Equipment's All-in-One and Data General's CEO—also offer Disoss compatibility. The electronic office in the large corporation will be dominated by Disoss.

Why install Disoss in the first place? Xephon found eight broad categories of expected benefits. Communication was dominant, with some 60 per cent of respondents indicating that they expected their company's internal communications to improve.

The other expected benefits, listed in order of importance were: document archiving, electronic mail, document retrieval, extension of the use of existing IBM office equipment, executive support and reduced voice communications. The eighth category included a mixture of items including replacement of microfiche and facsimile systems.

Of the customers consulted, over half (56 per cent) thought they had achieved the benefits expected and a further 20 per cent had had partial success.

Only 14 per cent said that Disoss had definitely failed to come up to expectations.

Mr Geoffrey Norman, the Xephon consultant who carried out the study, said this week that while Disoss would remain central to IBM's mainframe-based office automation strategy, its functions would change as a result of new software on the way.

It could be relegated to the role of archive management while the all important interface with the user might be taken over by IBM's Professional Office System (Profs).

*Disoss in Practice, £39. Xephon, 0635 33848.

Screens prove to be no substitute for a good secretary

FINANCIAL PLANNING and word processing programs are essential to the executive computer user, but electronic mail, expert systems and graphics are of little or no use.

This is the surprising conclusion of a survey of 275 directors, managers, professionals and data processing staff carried out by the magazine *Business Computing and Communications*. Its overall conclusion is that personal computing is seen as a mixed blessing by senior staff.

On one hand, most agree their productivity is increased through the use of personal computers and on-line computer terminals. On the other, many have had to take on work previously carried out by junior staff, and bemoan the loss of secretarial support.

A senior consultant with a transport company complained, for example: "I have not had secretarial support for over two years. I may yet weave my own papyrus and grind my own ink."

The sample of managers the magazine surveyed was chosen from its own readership list, so by definition, the respondents were already interested and involved in business computing.

Among the principal findings was the fact that two thirds of the respondents had taught themselves computing, a sharp indictment of the corporate attitude in the UK towards information technology.

Three quarters of the sample believed that computers had increased their productivity while half thought their decision-making had improved. Over one third of the respondents, however, did not agree with this view.

Most felt their job had been enlarged as a result of using a computer. "Now I am able to take the job through from design to production," said the managing director of an engineering design company.

A significant number felt they were able to take on work previously done by clerical or secretarial staff.

The director of a textile company, for example, with a turnover of under £5m and less than 10 employees does routine correspondence on a personal computer, leaving the clerical staff with more time for a greater variety of tasks.

The survey indicates clearly that most managers believe the software industry is not yet providing business packages of adequate quality for routine use, with the exception of word processing and financial planning.

The lack of commitment to electronic mail was surprising as most analyses of office automation have identified this facility as of major importance. Almost 60 per cent of the sample said that electronic mail was of marginal or no use to them.

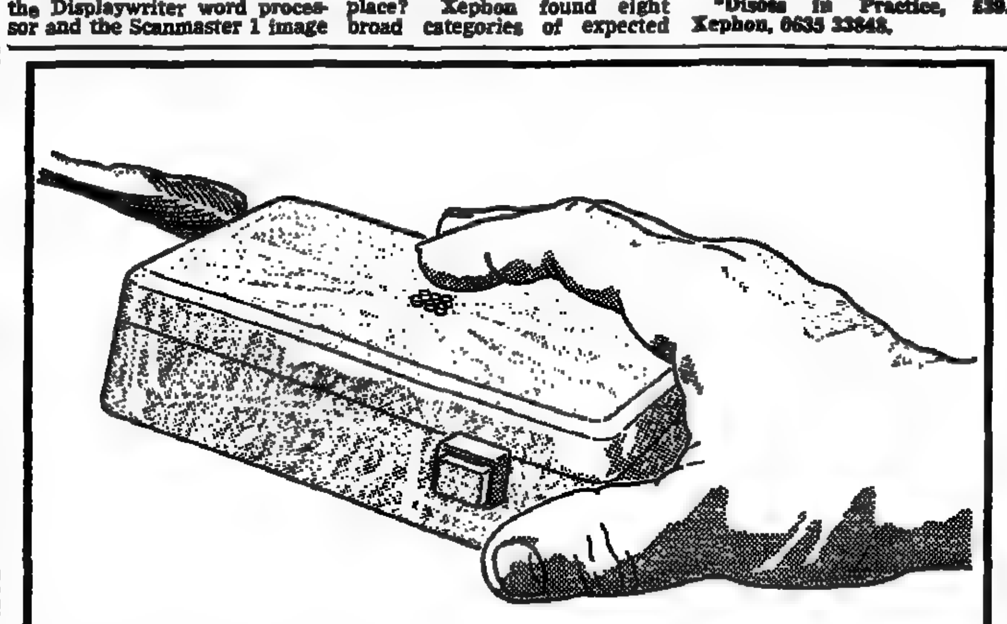
Asked why, 20 per cent said existing systems were inadequate, while 26 per cent gave no reason.

It seems likely that in a sample where most computer users were self-taught, there would be little in the way of corporate commitment to information technology and therefore few companies with electronic mail installed throughout the organisation.

Without a sizeable population of users to send to and receive messages from, it would not be strange that many executives found little use for electronic mail.

Another surprise was the amount of time these admittedly committed computer users spent at their machines. The survey found that 64 per cent of the sample used their computer between five to eight hours a week, and two-thirds of this group worked at their keyboards for eight hours a week or more. This was true of all categories of senior manager surveyed.

Business Computing and Communications. Tel: 01-855 7777.



Information at hand for the blind

A MOUSE that "talks" to the blind is the latest contribution to computing for the disabled from IBM.

Designed and built at the Thomas J. Watson Research Center in the US, the device takes the principle of the mouse screen pointer, commonly used on small computers like the Apple Macintosh, and reverses it.

A palm-sized unit with a roller ball on the underside, the mouse is conventionally pushed around on a desk top to move an electronic pointer or cursor on the computer screen.

In the IBM device, the upper surface of the mouse is fitted with tiny pistons. As the cursor passes across letters or symbols on the screen, the pistons are raised to form braille characters which can, IBM says, easily be recognised by a blind person used to reading braille script.

To give the blind user a frame of reference, the mouse is moved around on a special tablet engraved with rows and columns. There is a switch on the side of the mouse. Pressing it gives the user the location of the cursor on the screen in braille—the row and column numbers are read out through the pistons on top of the mouse.

According to IBM the user can alternate between Grade 1 (conventional) braille and computer braille which includes 50 programming symbols.

IBM has a long history of developing aids for the blind office worker and computer user.

In 1979, it developed a voice unit for its magnetic card typewriters, making it possible for a blind person to review and edit typed work. Three years later, its Hursley Laboratory in the UK developed a "talking terminal," a standard video terminal with a voice generator attached, enabling a blind or partially sighted person to hear, rather than see, the contents of the screen.

Its braille mouse can be used in conjunction with a speech synthesiser, says IBM.

The device is now being evaluated at the Watson Research Center by blind computer users.

UK COMPANY NEWS

Horizon makes strong recovery to £4.6m

Horizon Travel, air holiday company and travel agent, has reported a pre-tax profit of £4.59m in the 11 months ended October 1986 against £14.49m for the year to November 1985, which included £16.47m from aircraft sales.

The group's accounting period was changed to end-October to align with the end of the summer season, Mr Bruce Tanner, the chairman, said. November is a loss-making month for the company.

Trading profits for the period were £1.65m, a strong recovery, the chairman stated, on the £1.98m loss last time.

The directors are recommending an unchanged final dividend of 3.52p which maintains the total for the year at 4.4p. Earnings per share rose from 20.9p to 28.65p.

The chairman said the results demonstrated the successful achievement of the first phase of the company's medium term strategy. The turnround in trading profits was directly attributable to that strategy, he added.

Looking ahead, Mr Tanner said Horizon was well on course to achieve its targets for further volume growth and increased market share with a capacity for the current year in excess of one million holidays.

During the period to October 1986 turnover improved from £135.69m to £198.33m, with operating costs up from £121.03m to £180.04m. In tour operations the company's market share increased from 5 to 8 per cent and it sold 633,000 holidays, almost twice as many as in 1985.

There was also increased efficiency, the chairman said, with a load factor of 93 per cent and the number of holidays per employee doubling, although this was partly due to a decrease in staff.

The company's airline, Orion Airways, performed well during the period, with average utilisation of 12 hours per aircraft per day.

During 1986 the company formed a £12m joint venture company, Orion Flight Training, which, the chairman said, would double the simulator flight training capability and generate substantial income. It also disposed of an interest in this company, which generated an exceptional profit of £2.94m.

Horizon's fleet has also been expanded, and in spring 1987 the company will take delivery of two wide-bodied Airbus A300s.

Commenting on the company's balance sheet, Mr Tanner said that Horizon was one of the strongest groups in its sector with exceptionally low debt gearing and £32.5m cash in the bank.

Trading profits for the period were struck after higher interest received of £3.61m (£3.3m) and share of profits from related and subsidiary companies of £1.11m (£1.06m). Although interest payable fell to £1.32m (£1.7m), administrative expenses rose from £19.31m to £20.04m. The pre-tax figure was after other operating income of £2.94m (£16.47m).

After a tax credit of £9.7m (£4.99m charge), and dividends, retained profits worked through at £12.09m (£7.31m).

See Lex

Union backs Pilkington in BTR bid battle

By Ian Hamilton Fazey, Northern Correspondent

IN A remarkable display of strength and unity that smacked more of a rally than a conference, trade unions yesterday gave unanimous support to Pilkington Brothers in resisting the hostile takeover bid for the glass giant by the industrial conglomerate BTR.

About 100 delegates attended the conference at the company's research headquarters in Lathom, Lancashire. They represented the 16,500 employees at all Pilkington's UK factories, laboratories and offices and were joined by union representatives from Pilkington-Flachglas in West Germany and the two worker directors of the company's Swedish subsidiary.

Intensive, organised lobbying of MPs, Ministers and major shareholders will start immediately. All-party parliamentary support is already extensive, with two Labour MPs and one Conservative addressing yesterday's conference and an SDP-Liberal Alliance representative bringing a message of support from Mr David Owen, the SDP leader.

The first stage of the lobbying will be to try to persuade the office of fair trading and Mr Paul Channon, Trade and Industry Secretary, that the bid should be referred to the Monopolies and Mergers Commission in the public interest. A decision on this is expected next week.

The second stage in the campaign will be directed at the 18 financial institutions which are Pilkington's major shareholders.

Mr Ken Hind, Conservative MP for West Lancashire, told the union delegates: "If the Prudential and Norwich stay with us, we will see off this bid. If they sell out the smaller ones will follow."

The unions represented were the General, Municipal and Boilermakers, the Amalgamated Union of Engineering Workers and Association of Scientific, Technical and Managerial Staff.

It was soon apparent that what was happening was conditioned by Pilkington's management style and industrial relations policies. These centre on achieving co-operation, even for rationalisation, which a stream of union speakers condemned per se while praising the humane approach the company had adopted.

Union suspicion, if not fear, of BTR and its reputation for axemanship was also obvious. The future of Pilkington's research and development programmes and laboratories was seen as totally at stake.

Mr Marie Rimmer, leader of the Labour-controlled St Helens Council, stressed the importance of Pilkington having its headquarters in the town, particularly for the effect on the whole north-west, where thousands of smaller companies benefit from the glass giant's "buy local" policies on supplies.

Today she will lead a Council delegation to the City of London to put the case to stay with Pilkington to major shareholders.

Meanwhile, the bid remains in limbo, with the takeover timetable clock stopped to give the OFT longer to make its recommendation on referral.

● Mr John Smith, the Shadow Trade and Industry spokesman, yesterday urged Sir Gordon Borrie, Director General of the Office of Fair Trading, to refer the proposed bid by BTR for Pilkington to the Monopolies and Mergers Commission. In a letter Mr Smith said "of particular concern is the likely reduction in the promotion of research and development which could have extremely adverse consequences for the British industry."

MAJOR PILKINGTON SHAREHOLDERS

Over 7m shares
- Prudential Assurance

Over 2m shares
- Norwich Union Life

1m-2m shares
- Bank of Scotland
- Barclays Bank
- Scottish Amicable
- NCB Pension Fund
- Norwich Union Pensions

0.5m-1m shares
- Pearl Assurance
- Lloyds Bank
- Britannic Assurance
- Equity & Law Life
- Midland Bank
- Sun Life of Canada
- Guardian Assurance
- Eagle Star Insurance
- Liverpool Victoria Trustees
- Royal London Mutual
- Clydesdale Bank

A bumpy flight path to the city

Richard Tomkins looks at the sales strategy behind the flotation of BA

WHEN THE pathfinder prospectus for the flotation of British Airways is unveiled this morning, it will confirm what has already been widely surmised: that the Government is about to attempt the remarkable feat of successfully floating off a company which is in the midst of a painful profits downturn.

This poses a puzzling question. If, as the profits downturn suggests, British Airways is a risky proposition best suited to the more experienced investor, why are its shares being heavily advertised in a campaign apparently aimed at widening share ownership by attracting the population at large?

That British Airways has its risks as an investment is not in question. The history of the airline since its creation from the merger of BOAC and BEA in 1974 has been one of widely fluctuating profits: indeed, the beginning of the 1980s saw it dipping into heavy losses as a result of the world-wide recession and consequent downturn in passenger revenues.

The difficulty which British Airways faces is that the large numbers of aircraft and personnel required to operate a major international airline mean its fixed costs are proportionally very high, so variations in passenger demand are greatly exaggerated at the bottom line.

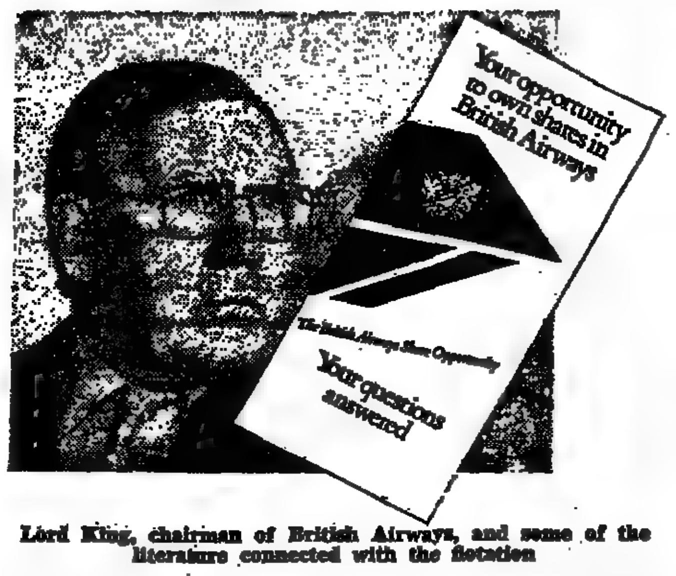
New management under the present chairman, Lord King, has wrought drastic changes in the past five years in an attempt to cut those costs and turn the airline into a thriving and profitable business.

Staff have been shed, the fleet has been modernised and a new management structure has been created, while on the marketing side, there has been a far more aggressive approach to retailing the airlines' services.

Yet not even this transformation from a dozy, over-bloated operator into a lean and efficient machine has been enough to protect British Airways from the vagaries of the international climate, as the prospectus will vividly illustrate.

Pre-tax profits of £195m for the year to March 1986 will be forecast to fall to around £145m-£150m for the current year.

The main factor behind the downturn will have been the sharp decline in trans-Atlantic traffic in the first quarter of the current financial year caused by the Chernobyl and Libya incidents in April 1986.



Lord King, chairman of British Airways, and some of the literature connected with the flotation

British Airways responded with a skilful marketing campaign which helped bring the passengers back, but even so, only the sharp fall in oil (and hence fuel) prices has saved British Airways from a still more dramatic downturn.

In theory, British Airways should bounce back in the next financial year to a pre-tax profit figure substantially above the £195m of 1985-86.

Wood Mackenzie, one of the stockbrokers advising the Government on the flotation, has forecast a figure of £280m.

Yet many hazards beyond British Airways' control lie along the flight path from here to there—exchange rates, fuel prices, economic growth rates and the possible effects of deregulation, to name but a few. Any combination of these could damage the profits outlook, and the share price along with it.

In the light of all this, some ask whether it is appropriate to use mass media advertising for the flotation of British Airways—still less to accompany television commercials for the British Airways flotation with music taken from Aaron Copland's Fanfare for the Common Man.

The shares, it is said, would be better directed at more sophisticated investors who can properly weigh up the risks.

The Government's advisers say there is a perceptible difference between the British Airways campaign and the one for British Gas at the end of last year.

The British Gas campaign took a very folksy form and aimed itself directly at the Sid in the street. It also included direct mailing, and gave would-be investors very simplistic instructions about how to apply for the shares.

The British Airways campaign is intended to create a high level of awareness of the flotation, but with the aim of encouraging existing equity investors to expand their portfolios rather than create new shareholders.

In other words, it is not aimed at widening share ownership at all, but at deepening it.

The point was reinforced by the carefully chosen words of Mr John Moore, the Transport Secretary, when he announced outline details of the British Airways offer for sale last October.

"The flotation will provide a further major opportunity to strengthen the basis of individual share ownership in this country," he said. There was nary a mention of widening share ownership.

Nevertheless, the perception that Government privatisation issues are the nearest thing in life to a free lunch will inevitably draw large numbers of novice investors to the issue.

Nor will they be discouraged by the likely low entry price to the flotation, the decision to allow payments by instalments, or the one-for-ten loyalty bonus of shares which will be payable at the end of three years on holdings worth £5,000 or less.

The Government, of course, will regard it as no bad thing if strong demand from small investors creates a scarcity factor which enables it to set a higher price on the issue than it might otherwise have been able to achieve.

It could, however, come under criticism if it is perceived as exploiting people's willingness to invest in privatisation stocks without appraising them of the risks.

Hill Samuel, the merchant bank sponsoring the flotation for the Government, acknowledges that it would not want to see pensioners taking their life savings out of the building society to invest in British Airways—or indeed, in any other stock—but says the below-average price-earnings multiple and above-average yield will make the shares attractive even as part of a relatively narrow portfolio.

There are certainly no plans to attach a health warning to the issue to keep first-time investors away. Hill Samuel says the prospectus will accurately portray the outlook for British Airways and it is patronising to assume that members of the public are incapable of weighing up the risks for themselves.

In any case, Hill Samuel adds, the press is always there to guide those inclined to err.

FIVE YEAR PROFITS RECORD
(Year end March 31)

	1982 (£m)	1983 (£m)	1984 (£m)	1985 (£m)	1986 (£m)
Turnover	2,241	2,497	2,514	2,943	3,149
Operating profit	12	185	268	298	198
Pre-tax profit	108*	74	185	191	195

* Loss

LCAH chief prepared to recommend bid

By Clay Harris

London and Continental Advertising Holdings is prepared to recommend the takeover bid from MAI if the offer is accepted by a majority of its shareholders.

Mr Christopher Perry, chief executive of the outdoor poster group, said yesterday that MAI's decision to make the offer unconditional with a bare majority and to drop two conditions would allow LCAH directors to deliver their previous pledge to support the bid. "The board could not do otherwise," Mr Perry said.

MAI announced, meanwhile, that it had received acceptances for nearly 6 per cent of LCAH ordinary shares to add to its own 29.99 per cent holding. It also owns 27.7 per cent of convertible loan stock. MAI has said the offer will close tomorrow.

The 118p cash offer values LCAH, up 6p to 121p, at £35.8m. MAI's shares added another 4p to 464p to value its 27-for-100 alternative at 125p.

Mixed reception for Burton share scheme

BY NIKKI TAIT

THE NEW executive share option scheme proposed by retail chain Burton, which could give senior employees options worth eight times their annual salaries, had a mixed reception from City institutions yesterday.

According to the National Association of Pension Funds, news of the scheme provoked a response from "a number of members who were not pleased with what they read in the papers."

The NAPF said it would now be studying the proposals in detail to see if they reached its investment committee's guidelines on option schemes.

Fund managers at a number of the larger institutions were also reserving judgment. "It's too early to say definitely—but it's a question of finding the right balance of risk and reward," commented one. "It may be a question of whether the performance criteria are stiff enough."

But the Burton proposals also had their supporters. "I'm fairly relaxed about it," said the investment manager of one large insurance company. "We will probably vote in favour."

"It's a question of balance," commented another, "and this doesn't seem out of kilter."

The disquiet seems to centre on two aspects of the option scheme: the eight times multiple of salary and whether the granting of the maximum number of options would involve unacceptable dilution of existing shareholders' stakes.

The guidelines from both the NAPF and the Association of British Insurers stipulate that the total number of shares issued or issuable under any company's option and share savings schemes should not, within a 10-year time period exceed 10 per cent of the issued share capital.

William M. Mercer Fraser, who formulated the new scheme, said that its full rules book stipulated that all the schemes in aggregate could not involve over 10 per cent of the share capital.

Valin Pollen leaps to £2m

Valin Pollen International, the corporate public relations group, continued to achieve substantial profit growth in the second half ended September 30, 1986, and for the year as a whole turned in pre-tax profits up 82 per cent from £1.11m to £2.02m. Turnover rose 50 per cent to £27.59m.

Mr Reg Valin, the chairman, said yesterday that the group had completed its seventh successive year of record growth and all operating subsidiaries had exceeded their income and profit targets. Last April, the group moved up from the USM to a full listing.

The group had been involved in a series of highly visible flotations, including Wellcome and TV-AM and had been appointed as advisers in three major forthcoming privatisations—British Airways, BAA and Rolls-Royce.

The current year had started well, Mr Valin said.

The final dividend is 1p net for a total payment in effect 50 per cent higher at 1.5p. Stated earnings per 5p share increased from 4.7p to 8.8p. Tax charge was £896,000 (£497,000) and an extraordinary charge of £61,000 this time was the cost of obtaining the full listing after adjusting for the scrip issue.

The group's principal UK operating company, Valin Pollen, continues to broaden its range of services with the launch of its financial marketing consultancy.

Abroad, Valin Pollen Thomas and Kleyn enjoyed an exceptional year, Mr Valin said.

The group's production service companies, Falcon Designs and APT Photoset achieved record growth. Falcon had expanded its range of services with a new photographic unit, while APT in its first full year as a group member, exceeded all growth and profit targets.

● comment

The City had been so well prepared for Valin Pollen's results that profit taking was almost inevitable and its shares fell by 15p to 165p yesterday. The fundamentals of the business seem sound enough. Contested takeover bids may be distinctly passe; but acquisition activity continues unabated, the Government has lost none of its enthusiasm for privatisation and Valin Pollen should benefit from both developments. The chief cause for concern is the mounting pile of goodwill to be written off. This year Valin Pollen will write off almost £250,000, depressing earnings per share both on its own account and by inflating the tax charge. A well timed acquisition paid for with paper would, however, work wonders with the share premium account. In spite of being thwarted three times in the US last year, Valin Pollen is determined to succeed this year. Until that happens the shares with a prospective p/e of 16 on projected profits of £2.4m look fairly valued.

EMAP to enfranchise shares

EMAP, magazine and newspaper publisher, has announced proposals to enfranchise its "A" (limited voting) ordinary shares. At present an EMAP ordinary share carries 10 votes, while an "A" ordinary share carries only one vote.

Mr Frank Rogers, the chairman, said the voting structure was considered no longer relevant and the continued existence of limited voting shares could inhibit the company's future growth.

The "A" shares are to be converted into ordinary shares and voting rights of the ordinary are to be amended to one vote per share. Existing ordinary holders are to be compensated for the reduction in their voting rights by issuing them with one new share for every seven held.

Ensign Trust joint venture

Ensign Trust, the investment trust controlled by the Merchant Navy Officers' Pension Fund, has formed CDFC Berkeley in conjunction with Berkeley Govett and Company. The new company is a Jersey-based investment fund specialising in providing development capital for US unquoted companies in the technology area.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Abbey, Stanley Leisure.

Finals: Associated Newspapers, Daily Mail and General Trust, Wardle Storeys.

FUTURE DATES

Interims—	
ASDA-MFI	Jan 14
Copson (F.)	Jan 16
Davies (D. Y.)	Feb 3
Equipu	Jan 29
GT Japan Investment Trust	Jan 28
Gold Greenless Trott	Jan 19
Haynes Publishing	Jan 30
Mayfair and City Properties	Jan 15
Nordic Investment Trust	Jan 30
Finals—	
Lowe (Robert H.)	Jan 12
New Tokyo Investment Trust	Jan 20
Raeburn Investment Trust	Jan 14
Unitech	Feb 3

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Body Shop	1.8	Mar 2	0.9*	3	1.5*
Countryside Props	4.1	Apr 10	3.71	6.35†	5.74
Hollas Group ......int	†1.2	Apr 1	1.1	—	2.2
Horizon Travel	‡3.52	—	3.52	4.4	4.4
Robt Horne	3.5	Feb 20	2	5	3.25
Stone Intnl ......int	1.61	Apr 1	1.61	—	4.83
Valin Pollen	1	—	0.67*	1.5	1*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 11 months.

Helical Bar

Prampton & Company, a Hong Kong company, has increased its stake in Helical Bar, the London-based property and investment group, to 390,000 shares (10.7 per cent) following the purchase of 10,000 shares. The shares rose 25p to 488p yesterday.

Giltrap lifts stake in Frank Gates

By Clay Harris

Giltrap, the New Zealand car distributor, has increased its holding in Frank G. Gates, but the London-based Ford dealer says that 60 per cent of its shares are committed to reject a £10m takeover offer.

Samuel Montagu bought an additional 130,000 shares at 119p to lift the interest of Giltrap and its associates to 9.3 per cent. Gates shares were unchanged yesterday at 120p, equal to the cash offer.

In its defence document earlier this week, Gates repeated its forecast of increased profits in 1986 and rejected Giltrap's criticism of its dividend policy. It said that the cash offer was inadequate and totally unacceptable and criticised Giltrap's unsecured loan note alternative.

Gates also maintains that it would have to give up two of its four Ford dealerships in east London, Essex and Hertfordshire if the takeover went through.

The 60 per cent of shares which have been committed against the offer comprise about 43 per cent from members of the Gates family and 17 per cent from directors.

"We'd like to think that certain members of the family will change their mind and accept the offer," Montagu said.

YEARLING bonds totalling £2m at 10⅛ per cent, redeemable on January 13 1988, have been issued by the following local authorities: Central Scotland Water Development Board £0.5m; East Kilbride District Council £1.0m; Dundee (City of) DC £0.5m.

Tenby shares jump on bid approach

By Stephen Thompson

Shares of Tenby Industries, the West Midlands-based electrical and engineering group, jumped 33p to a record 268p yesterday following news that the company had received a bid approach. At yesterday's closing price the company is valued at £36.6m.

The approach was "unsolicited," according to a statement from Tenby yesterday. The statement added that if a definite offer was made it was likely to be at a "level considerably in excess of the present price of the shares." The company advised shareholders not to dispose of their shares until the position was clarified.

Tenby was a wholly-owned subsidiary of the BSR Group until June last year, when the latter sold 60 per cent of its shares via an offer sale at 112p. BSR retained the remaining 40 per cent.

Mr Nigel McLean, chairman of Tenby, said yesterday that although the company was aware of its vulnerability to a takeover bid it would like to remain independent. Tenby had held talks with other possible bidders, Mr McLean said.

Tenby said final results for 1986 were not yet available but it was confident of a satisfactory outcome for the year and encouraged by prospects for 1987. In the first half Tenby made pre-tax profits of £1.54m on sales of £16.36m.

Johnson Cleaners

Johnson Group Cleaners has acquired three dry-cleaning companies in the US for $5.62m (£3.8m) in cash.

The companies are: B & B for $2.1m with sales of $1.63m and pre-tax profits of $390,000 for the year to December 1986; Custom Cleaners for $1.52m with sales of $1.47 and pre-tax profits of $343,000 for the same period. Whitfields for $2m, with sales and pre-tax figures of $1.3m and $380,000 respectively.

Johnson Group has more than 700 dry-cleaning shops in the UK with a 25 per cent market share. The US side contributed 38 per cent of total group turnover in 1985.

Wagon International

Wagon Industrial Holdings, which interests in material handling, storage, office equipment and engineering, has acquired Coventry-based Contract Engineers, a manufacturer of specialist tool holders for CNC machine tools, for £550,000. A further £250,000 is dependent on future performance.

Contract Engineers made a pre-tax profit of £160,000 in the year to July 31 1986.

UK COMPANY NEWS

Demand boosts Robt Horne to £10.5m

A SURGE in the second half enabled the Robert Horne group of paper merchants to lift its pre-tax profit for the year ended September 30 1986 by 22 per cent, from £8.66m to £10.55m.

The first half had produced a marginal increase, but the directors expressed confidence that more new products, firmer prices and good demand would show through in the latter period.

As to the current year, they tell shareholders that it had started well, and they were confident of again making increased profits.

Earnings for the past year were 20.6p (15.9p) and the final dividend is 3.5p for a net total of 5p (3.25p).

Turnover rose by 7.4 per cent to £132m and gross profit by 11 per cent to £29.34m. Operating profit grew by 15 per cent to £10.68m while interest payable was cut to £126,000 (£802,000).

The paper merchanting side lifted its profit from £7.87m to £10.09m, Papico from £50,000 to £104,000, and others from £75,000 to £146,000. Profit at Trutite Fasteners was cut to £231,000 (£366,000), while Spectrum Adhesive Coaters fell into a loss of £20,000 (profit £282,000).

Tax took £4.13m (£3.64m) and minorities £90,000 (£181,000). There was also an extraordinary charge of £59,000, being the cost associated with the full listing of the company's shares, from the USM.

● comment

The mountains of junk mail that fall on to the doormat might be an irritation to the recipient but to paper merchant, Robert Horne, they are nothing but good news. Not only are printers requiring more paper, they want the better quality (and higher margin) ranges. Horne's margins are also being boosted by a shift in favour of their warehouse, rather than the direct from the mill, service. In the current year, paper prices are edging up and with consumer spending still buoyant, volumes should show a further increase. All that adds up to over £12m of pre-tax profits. The family interests hang on to the bulk of the voting shares, but the non-voting shares at 288p, still look reasonably-priced on a prospective p/e near 10, especially given the strong balance sheet and the cautious approach towards diversification, which means there are few potential "nasties."

Countryside set for next era of growth

SIGNIFICANT progress was achieved by Countryside Properties in the year ended September 30 1986, with profits ahead by 64 per cent, from £2.53m to £4.15m.

On top of that, Mr Alan Cherry, chairman, believed a position had been established from which the group was poised to enter the next era of growth.

He was confident that the current year would be a further period of worthwhile progress. Demand for new homes continued to be exceptionally buoyant, and the commercial and industrial side was expected to make an increasing contribution to profits.

Earnings for 1985-86 rose to 42.1p (37.1p) and a final dividend of 4.1p lifts the total to 6.35p on capital increased by the December 1985 rights issue (5.74p).

Turnover in the year fell to £30.69m (£31.62m) but gross profit rose to £5.89m (£4m). In residential, completed sales produced £27.5m (£24.8m) and profit £5.3m (£3.7m), while the commercial and industrial division sales were £2.8m (£6.8m) and its profit £289,000 (£277,000).

The investment property portfolio had increased in value to nearly £10m and was currently producing rental income of some £700,000 annually.

Brent Chemicals

Brent Chemicals International, the industrial chemicals producer, has bought J and S Laboratories of California, for $2.8m (£1.9m).

J and S supplies photo resist and solder strippers and a range of other related products used primarily in the manufacture of sophisticated multi-layer printed circuit boards.

Stone Intl still sees at least £3m profit

CURRENT YEAR results at Stone International are following the pattern intimated in November. The group turned in a loss of £1.9m for the first half, and confirmed a partial recovery to a minimum profit of £3m over the full year to May 31 1987.

The *interim dividend is held* at 1.61p and the directors said the final should again be 3.22p.

First half loss compared with a profit of £3.02m which included £580,000 pension fund surplus, while the £3m profit forecast for the year would go against £8.09m in 1985-86.

Principal reasons for the loss were further problems in the UK transport division with a large export order, reduced order intake for boilers in the UK, and a strike at Stone Johnston in the US. Those problems had been resolved.

The group's main business is the manufacture of equipment such as air conditioning, lighting and power generating systems for mass transit, bus and rail authorities.

Its sales in the half year came to £50.79m (£44m) but there was an operating loss of £805,000 (profit £3.3m).

● comment

Stones are not renowned for their aerodynamic properties and these figures from the systems engineering group reveal a breathtaking plummet into loss. The market had been forewarned and the shares had already discounted the traumas; thus the news of the stronger order book was able to push them up 5p to 112p. For a company to have one unexpected hiccough is a misfortune; three in one half year smacks of carelessness. Those who saw the wreckage of Stone-Platt, from which Stone International emerged via a management buy-out, might be forgiven for a sense of deja vu. The management is duly penitent and is maintaining the yield to keep shareholders loyal; every nerve and sinew will no doubt be strained to meet the £3m full year forecast. With the strike settled, the troublesome New Jersey contract all but departed and the management strengthened, the market is looking for pre-tax profits of around £8m next year. That indicates the shares are on a prospective p/e of just over 7. The group needs a trouble-free period before it deserves a re-rating.

Body Shop expands 79% and doubles dividend

Body Shop International, the natural cosmetics products group, lifted its profit by 79 per cent to £3.45m in the year ended September 30 1986, on turnover 86 per cent ahead at £17.4m.

Shareholders are having their dividend doubled to 3p net and there is to be another one-for-one scrip issue.

Mr Gordon Roddick, chairman, said the group continued to trade strongly in the UK and abroad, and the move into the 50,000 sq ft warehouse and manufacturing unit last July did not interrupt trade. Most of the costs associated with relocation were met from cash flow.

Earnings were doubled to 20.6p (10.2p) and the final dividend is to be 1.8p on capital increased by the previous one-for-one scrip issue.

In the current year Christmas sales were again strong.

Both at home and abroad, the chairman commented. The opening of two prime co-owned stories in Oxford Street and Terminal 2 in Heath row meant the company was able to take full advantage of the strong Christmas trade in establishing those outlets.

Mr Roddick said the international development of the business was of growing importance and the directors proposed further to increase and strengthen communications for all areas abroad which would show benefits in the years to come.

The group had doubled the number of its franchised outlets overseas in the year to a current total of around 100 in 22 different countries, and turnover from abroad was now about 20 per cent of total sales. A further increase of about 50 outlets was expected in the current year.

Mr Roddick said no new franchose holders were being taken in the UK because the waiting list for new Body Shop franchises had reached three years. But there was the possibility of one new wholly-owned store opening this year.

Body Shop had taken a 70 per cent interest in Colourings, which markets a specialist range of colour cosmetics.

● comment

When a company with Body Shop's record turns in near-80 per cent profits growth, it is a trifle unkind to mark the shares down—they fell 7p to 740p yesterday—because it missed analysts' forecasts by a whisker. True, Body Shop has now reverted to its seasonal pattern, so that profits which more than doubled at the interim stage increased by a mere 48 per cent in the second *half. But the July move was* achieved without disruption, and that has already allowed the company to speed up deliveries substantially. The best, though, is that it is still possible to see where future growth will come from: 12 new UK outlets opened making 78 in all, and the number overseas increased from 100 to 158, taking overseas sales to £3.2m. This year, Body Shop is looking to add 18-20 UK outlets, of which three will be more profitable own shops—two have already opened—and for same-again expansion on the overseas front. So after a good Christmas, forecasts of £5m-plus pre-tax this year do not look wildly optimistic. That might put the group on a prospective PE of about 23—hefty, but not unjustified.

Hollas all-round improvement

Hollas Group, Manchester-based fabric and garment dealer, continued to progress during the opening six months of the 1986-87 year and for the period increased its profits from £561,000 to £753,000 pre-tax.

The 34 per cent profits improvement was brought about by better performances by all group companies and a reduction in interest charges. City analysts were expecting profits of around £700,000.

Looking ahead, the directors said prospects were "very good indeed."

They pointed out that on the garment distribution side several exciting opportunities for expansion were being pursued and added that they also intended to expand the yarn division. Additions here would *be made to existing companies* in order to accelerate their already healthy growth.

Group turnover for the six months to September 30 1986 were little changed at £14.94m (£14.61m). Operating profits rose by £63,000 to £870,000.

Interest charges were reduced by £129,000 to £117,000, but tax rose from £202,000 to £264,000.

Half year earnings worked through at 1.8p (1.4p) per 5p share and the interim dividend is being lifted from 1.1p to 1.2p net.

The sale of the group's investment in Jordans Estate Agency, announced in September, realised a profit of £320,453 and was treated as an extraordinary item. This raised the retained balance from £76,000 to £448,000.

The Peri-Lusta companies, acquired last April, have been integrated successfully.

COMPANY NEWS IN BRIEF

CASTROL, Burmah Oil's lubricants subsidiary, has acquired Henry E. Sanson and Sons of Pennsylvania. Sanson is a supplier of metal working oils and industrial lubricants. Its sales in 1986 will amount to some $11m.

YORKSHIRE CHEMICALS' Australian subsidiary, Yorkshire Chemicals Pty, has acquired Douglas Colours Pty for some A$2.2m (£1m) cash. For the year to end-June 1986 Douglas made pre-tax profits of $356,000 from a turnover of $2.3m. Net tangible assets at year-end amounted to $680,000.

JOHN MOWLEM's offer for Glasgow Stockholders Trust has been declared *unconditional* as to acceptances. The formula asset value of each Stockholders' ordinary share will be calculated as at the close of business yesterday and will be announced as soon as practicable. The offer will remain open for acceptance until further notice.

WADE POTTERIES—AGM was told that first four months trading of current year showed substantial increase on last year; continuation of that trend was looked for.

CAMBRIDGE INSTRUMENTS Company (international scientific instruments group) has sold its Fibre Optics business, based in the US, to Schott Fibre Optics Inc, a subsidiary of the West German Schott Group. Consideration was about $12m (£8.16) cash, with further payment based on an earn-out formula.

MARLEY has acquired the assets of the Florida-based concrete roof tile manufacturing business, previously trading as Carroll's Building Materials. Assets acquired included modern manufacturing equipment along with land and buildings in Florida. Price was about $3.5m, including $1.6m for land and buildings.

CITY OF DUBLIN Bank holders subscribed for 8.19m shares (96.2 per cent) of the recent rights issue. The remaining 321,329 shares (3.8 per cent) have been sold at 62p for the benefit of non-subscribing holders. Payment will be made on January 21 at 14.25p. There was no call on underwriters.

J. W. WASSALL (footwear retailer): Turnover £1.41m (£1.31m) and pre-tax profits £2,908 (loss £8,574) for 26 weeks to August 2, 1986. Earnings 0.07p (losses 0.66p) per 5p share. Directors expect profits for full year to be higher than last year's £40,533.

GREENWICH CABLE Communications exercised its option to subscribe for new shares in DRL Communication, which represents 50 per cent of the increased capital. The subscription will cost Greenwich £40,000 and it will also make working capital available for the expansion of DRL.

EMAP NATIONAL Publications has successfully completed negotiations with Haymarket Publishing for the purchase of SLR Photography. The acquisition of SLR will give EMAP Nationals a 20 per cent share of all UK copy sales of consumer photographic magazines.

WHITECROFT'S rights issue of 7.52m shares has been taken up in respect of 6.83m new ordinary (90.8 per cent) at 210p per share. Those remaining have been sold at a premium of 28.7p per share.

HARVEY-THOMPSON has bought the assets of a pawnbroking business trading under the name of James Bowes for £240,000 cash. Bowes trades in Moss Side, Manchester and will complement the two other shops in the area.

EQUITY & LAW Life Assurance: IEP Securities has increased its stake in the company by 1.2m shares and now holds an 18.45 per cent interest. IEP is part of the Brierley group.

LYNTON HOLDINGS — The offer by Property & Reversionary Investments accepted in respect of 7.12m Lynton shares (53.5 per cent). Offer wholly unconditional and remains open.

CIFER — Director Mr Terry Cosgrove has sold 25,000 ordinary.

TV-AM—Company has been informed that Quantum Overseas Nv is now the beneficial owner of 2,192,000 shares (6.72 per cent).

UK COMPANY NEWS

Oriflame wins Goldsmiths with improved offer terms

BY NIKKI TAIT

INCREASED OFFER terms have won the day for Oriflame, the London-listed but Scandinavian-based direct selling cosmetics company, in its previously-contested bid for retail jeweller, Goldsmiths Group.

Oriflame has raised the cash and paper offer from one of its own shares plus 1022p for every seven Goldsmiths, to one share plus 1079.4p for every seven Goldsmiths. The full cash alternative goes up from 260p to 268.5p.

The bidder has also added a full paper option: Goldsmiths shareholders can elect to receive new Oriflame shares instead of all or part of their cash entitlements, on a basis of one Oriflame share for every 800p cash. However, the maximum number of Oriflame shares to be issued under the offer will not be varied to meet share elections—so these will only be satisfied to the extent that other Goldsmith shareholders opt for cash.

The third refinement is the proposed payment of a second interim dividend of 5.5p to Goldsmiths shareholders — whether or not they accept the offer—in respect of the year ending February 28.

With Oriflame shares unchanged at 845p yesterday, the cash and paper terms value each Goldsmiths share at 275p and the entire company at £42.6m. Goldsmiths shares added 4p to 266p.

The improved terms have secured the backing of Goldsmiths directors who are recommending the revised offer. Oriflame and its associates own a 28.5 per cent stake in Goldsmiths, and other Goldsmiths shareholders, including directors, have given irrevocable undertakings to accept in respect of 22.4 per cent of the equity—taking Oriflame over the 50 per cent mark.

Mr Jurek Piasecki, Goldsmiths chairman, will now join the Oriflame board and continue to manage the Goldsmiths operation. "They see it as an autonomous business unit," he commented yesterday. Mr Piasecki added that plans for the disposal of Goldsmiths insurance business were well-advanced, and would go ahead under the new owners.

The future of the recently-acquired hotels division remains uncertain—"They want to study the profitability of the hotels," said Mr Piasecki, "but I believe they will want to retain them when they see the figures."

Oriflame said yesterday that its own second half trading "showed a continuation of the trends seen in the first six months" and that the cosmetics side showed particularly good results in Sweden. It plans to pay a 17.5p final dividend—giving a total increase over the year of 16 per cent.

Simon's bid defence sees 35% rise in dividend

By Charles Batchelor

Simon Engineering, which is fighting off an unusual £173m management buy-in from Valuedale, a specially created company, yesterday announced a small increase in its 1986 profit but forecast a large rise in its dividend payment.

In a 17-page defence document entitled "Veto Valuedale," Simon estimated last year's pre-tax profit rose from £26.1m to not less than £27.8m. However, when the £1.6m benefit of a first-time reduction in pension contributions is taken into account, the increase was only £100,000.

The company also took an extraordinary charge of £4.5m last year to cover general reorganisation costs, compared with £8.6m the year before.

Earnings per share rose from 29.2p to 29.3p despite an increase in the effective tax charge from 24.6 per cent to 29.4 per cent. Simon proposes increasing its total dividend by 35 per cent to 11.5p.

Simon launched a detailed attack on the valuation attributed by Valuedale to its ordinary shares. Valuedale is offering 180p cash and one share, notionally valued at 100p, for each Simon share. Simon calculated the value of the Valuedale shares at only 56p (though it did not include this figure in its defence document).

It also attacked the "shackles" which would be applied to Simon by the loan agreement between Valuedale and Citibank, which is providing £100m of loans. The only way the repayment schedule could be met would be by the disposal of large parts of Simon's business, the company claimed.

Schroders, advisers to Valuedale, described the profit estimate as disappointing and noted that 1986 was the seventh year in which Simon had recorded an extraordinary charge for rationalisation.

Simon's shares rose 4p to 308p. The bid reaches its third closing date on Monday and Valuedale currently speaks for just 1.04 per cent of the shares.

Feb Intl. shares move up ahead of suspension

Trading in shares of Feb International, the Manchester-based chemicals manufacturer and distributor, was suspended yesterday morning pending an announcement.

The suspension was at the company's request.

Feb International shares have moved up steadily this week, with the ordinary voting shares rising from 101p to a 1986-87 high of 108p prior to yesterday's suspension and the "A" non-voting from 68p to 78p, valuing Feb at £5.86m.

Feb's capital structure consists of 1.73m ordinary vote-carrying shares and 5.11m "A" non-voting shares. The Fisher family controls 74 per cent of the voting shares, which rules out a hostile takeover bid.

Mr Graham Fisher, a director of Feb, said yesterday that he expected an announcement to be made next week.

CLOSE BROTHERS Group—1,045,000 (8.06 per cent) ordinary in company, registered in the name of British Airways Pension Trusteees, have been sold.

Brown Shipley stake goes into 'safe' hands

BY CHARLES BATCHELOR

Brown Shipley Holdings, the merchant bank which was viewed for much of last year as a potential bid candidate, has found friendly buyers for a further 6 per cent stake in its equity.

Kredietbank Luxembourgeoise and Cofi, a Luxembourg investment holding company controlled by Mr Giorgio Rossi, bought the entire 1m share stake held by United Kingdom Temperance and General Provident Institution.

This puts into "safe" hands the last sizable stake available in Brown Shipley, the company said.

Kredietbank bought 800,000 shares to take its holding to 4.58m or 29.54 per cent while Cofi bought 200,000 shares to take its stake to 1.82m or 11.71 per cent.

Kredietbank confirmed that it was committed to the continued independence of Brown Shipley and that its purchase was not the prelude to an offer being made. Brown Shipley said it was content with the changes in its shareholdings.

Brown Shipley is developing joint ventures with Kredietbank and recently launched a unit trust investing in European equities. Joint underwriting ventures are also planned.

Mr Rossi is a former chairman of SNIA VISCOSA, the Italian textiles, chemicals and engineering group, and a former general manager of Credito Italiano, the Milan bank. He is a non-executive director of Brown Shipley.

The British bank's shares rose 15p to 593p yesterday in advance of the announcement on speculation that a bid was imminent.

GENERAL ELECTRIC Company, through its wholly owned US subsidiary GEC Inc, has acquired control of American Fan Company, of Fairfield, Ohio. American Fan, which makes centrifugal fans for industrial users, joins GEC's Woods Group, headed by Woods of Colchester, which has a growing export business in the US.

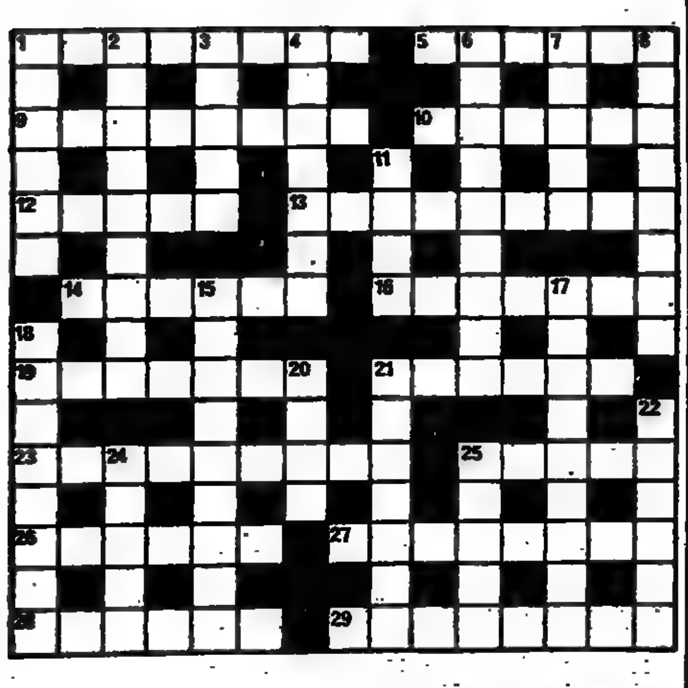
FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

FT CROSSWORD PUZZLE NO. 6,221

VIXEN



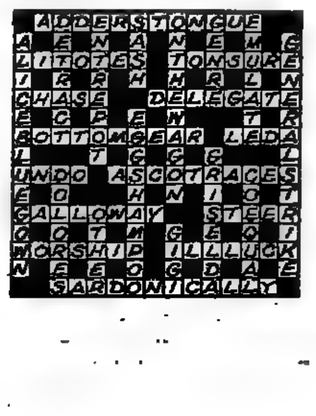
ACROSS

1 Making one's curt reports (8)
5 The coolness of a quiet trainee with incomplete bomb (6)
9 Figure the writer has a flap on (8)
10 Firm people hold the first person to enter (4,2)
12 View only some of the play (5)
13 Autocrat finding love prospers—that's as it should be (9)
14 Unwilling to read poetry (6)
16 A neat drive (5-2)
19 Visible percipience (7)
21 Ladies' fashion models (6)
23 25 across faced the wall (9)
25 Not relaxed, having drunk rather too much (5)
26 Exercise can be a tonic (6)
27 An Italian city girl (8)
28 Cut from certain revenue (6)
29 Split about always being deferential (8)

DOWN

1 Soldiers gone for some food (6)
2 Hoards jam (9)
3 The practice of the top-drawer philosopher (6)
4 Couple writing book about uppish set (7)
6 Getting coppers to secure twisters and bring charges (9)
7 Modern women's magazines show such signs (5)
8 By no means a failure! (8)
11 Fight for support (4)
15 Just rise, tough to negotiate (9)
17 An old coach calling for attention (9)
18 The underworld boss set to move (8)
20 A seaman bearing water (4)
21 Pet eluding correction (7)
22 Attending the big match to demonstrate (6)
24 There's room at the top! (5)
25 Having to do with entering the number (5)

Solution to Puzzle No. 6,220



AUTHORISED UNIT TRUST & INSURANCES

[illegible] National Life Assurance Co Ltd
Perrymount Road, Haywards Heath 0444 414111

Managed Fd.	208.0	219.0	[illegible]	—
Property Fd.	173.4	182.5	[illegible]	—
Equity Fd.	249.5	262.6	[illegible]	—
New Tech Fd.	152.2	159.1	[illegible]	—
American Fund	104.8	110.3	[illegible]	—
Intl. Fd.	273.7	288.1	[illegible]	—
Fixed Int. Fd.	138.5	145.8	[illegible]	—
Deposit Fd.	123.0	129.5	[illegible]	—
Managed Series 2	207.6	218.0	[illegible]	—
Intnl Series 2	273.3	287.7	[illegible]	—
Equity Series 2	249.1	262.2	[illegible]	—
Managed Pens. Acc.	264.1	278.0	[illegible]	—
Managed Pens. Cap.	206.1	216.9	[illegible]	—
Property Pens. Acc.	206.1	217.0	[illegible]	—
Equity Pens. Acc.	308.6	324.8	[illegible]	—
New Tech Pens. Acc.	172.6	181.7	[illegible]	—
Intl. Pens. Acc.	376.1	395.9	[illegible]	—
Fixed Int. Pens. Acc.	158.5	166.8	[illegible]	—
Savory Milln SMF Life	135.2	142.3	[illegible]	—
Cobbold SMF Life	139.3	146.7	[illegible]	—
Orient Fund	99.5	104.8	[illegible]	—
European Fund	95.2	100.2	[illegible]	—

Canada Life Group
2-6 High St, Potters Bar, Herts P. Bar 51122

Equity Gth Sept 29		[illegible]	[illegible]	—
[illegible]		[illegible]	[illegible]	—

Individual Pension—Distribution

Managed Pen Fund	293.7	309.2	[illegible]	4.9
Property Pen Fund	132.5	139.5	[illegible]	—
Index-Linked Pen Fd	125.8	132.5	[illegible]	—

Series C Pension—Accumulation

International Pen Fd.	190.0	200.0	[illegible]	—
Managed Pen Fd.	168.2	177.1	[illegible]	—
Property Pen Fd.	126.6	133.3	[illegible]	—
Index-Linked Pen Fd.	122.4	128.9	[illegible]	—
Gilt & Fxd Int Pen Fd	143.8	151.4	[illegible]	—
Equity Pen Fd.	186.9	196.8	[illegible]	—

Managed Funds

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

Equity	244.79	254.36	----	—
Fixed Int.	159.06	154.79	----	—
Index Linked	113.06	113.61	----	—
Property	186.97	190.54	----	—
Cash	143.10	143.10	----	—
Mixed	272.79	259.10	----	—
International	216.39	204.57	----	—

Next sub day Jan 14.

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	148.9	155.9	+0.6	—
Property Fund	117.5	124.2	----	—
Fixed Int Fund	127.6	133.6	----	—
Money Fund	118.9	125.3	+0.1	—
Equity Fund	190.9	200.1	+1.5	—
TSB Pensions Ltd				
Managed Pension	409.5	430.1	+4.6	—
Deposit Pension	115.3	121.5	+0.1	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 394000

Managed	400.9	422.1	+4.2	—
Property	261.2	275.0	+0.2	—
Fixed Int.	167.1	165.4	+0.1	—
UK Equity	468.9	493.6	+3.0	—
Int. Equity	334.5	352.1	+0.2	—
Deposit	157.4	165.7	+0.1	—
Managed Property	208.4	219.2	+0.6	—
American Eagle	114.2	120.1	+0.1	—
Technology	91.1	95.9	+1.1	—
Worldwide Income	174.9	184.2	+0.8	—
Pacific	178.2	187.6	+0.2	—
Australian	92.1	97.0	+0.8	—
Japan	285.6	300.7	−0.6	—
Commodity	106.4	112.0	+7.0	—
Gold	130.8	137.7	+0.9	—
Financial	198.5	209.0	+2.2	—
Income	230.9	243.1	+1.6	—
Special Situations	205.8	216.7	+3.1	—
Preference	156.6	162.9	+1.1	—
Managed Currency	94.9	99.9	—	—
European Spec. Sits.	197.1	207.5	+0.4	—
Sterling	7.4	—	—	—
Residential Property	98.0	103.9	—	—

The Norminster Group
71, London Rd, Peterborough, PE2 9BB 0733 62200

Mngd. Sml Man.	104.4	109.9	+0.4	—
Man-Schroder	100.1	105.4	+0.1	—
Pen Man-Schroder	99.8	105.0	+0.1	—

PBR Fund Management Ltd.
146a Queen Victoria St, EC4V 5AP 01-236 4070

First-Bond	132.4	139.5	—	—
First Pension Bond	119.8	125.7	—	—
Managed Bond		104.4	—	—
Managed Pension		104.6	—	—

The Porchester Group
92 Wimpole Street, London W1M 7DA 01-493 9090
Porchester Managed Funds

Albany	115.9	122.0	+0.6	—
Crusader	182.5	190.0	—	—
[illegible] Life	109.0	114.8	—	—
Royal Heritage	99.9	105.2	—	—
Schroder	96.9	102.0	—	—
Standard	115.8	121.8	+0.6	—
Target	119.2	125.5	+0.7	—
Trident	111.6	117.4	+0.5	—
Porchester Managed Pension Funds				
Albany	125.7	132.3	+1.1	—
Schroder	98.9	103.4	—	—
Standard	120.8	127.3	+0.4	—
Target	109.8	115.6	+0.4	—

Managed by Porchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Mgd.	110.6	116.9	—	—
Pens. Man-Schroder	462.7	486.0	+1.1	—

Trevy Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	98.5	103.7	+0.6	—
Guardian Royal Exch.	95.4	100.5	+1.0	—
M&G Ass (Life)	109.2	114.9	—	—
M & G Ass (Pens)	125.8	132.2	—	—
Norwich Union Asst Mgr	53.4	56.2	—	—
Royal Life (Unit Lnk Ass)	98.0	103.1	—	—
Scot. Equitable (Life)	146.2	153.9	—	—
Scot. Equitable (Pens)	98.6	103.8	—	—
Scot. Mutual (Life)	151.0	159.0	+1.5	—
Scot. Mutual (Pens)	137.1	144.3	+1.7	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	9.75	7.29	10.02	Mth
Over £10,000	10.00	7.48	10.30	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 224141

High Int Chq Acc	11.06	8.27	12.01	Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9495

High Int Cheque Acc	11.25	8.41	12.23	Qtr

NOTES—Gross: rate to those current from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk.	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	36
BTR	26	Racal Elect.	25
Babcock	16	RHM	24
Barclays	42	Rank Org Ord.	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	48	TSB	8
Brit. Telecom	17	Tesco	34
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	36
Glaxo	85	Land Securities	30
Grand Met.	40	MEPC	32
GUS 'A'	85	Peachey	26
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd.	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	28	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk.	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Brazil seeks coffee sales boost as export halt ends

BY IVO DAWNAY IN RIO DE JANEIRO AND ANN CHARTERS IN SAO PAULO

The Brazilian authorities last night sought to end a damaging period of uncertainty over coffee export policies when they opened export registrations for January and February without setting a limit for sales.

The Brazilian Coffee Institute (IBC) said it would set a minimum export price by taking an average of 40 per cent of the price of robusta coffees and 60 per cent of so-called "other milds" and deducting 12 cents per lb. It said daily prices would be flexible, reflecting the market situation.

Brazil, normally the world's biggest coffee producer and exporter, has been causing growing consternation on the world market and among local traders by delaying the announcement of 1987 export prices and policies. Last night's statement caused an immediate slide on the New York futures market following earlier firmness, with coffee for March delivery quoted at 132.75 cents per lb in the early afternoon. Traders were, however, reluctant to state definitely whether the news was bullish or bearish.

The announcement followed the rejection earlier this week by Mr Dilson Funaro, the Brazilian Finance Minister, of a plan drawn up by the newly-formed National Coffee Policy Council (NCPC), aimed at rapidly boosting sales.

Growers are also deeply concerned about the state of the market as Brazil enters the new year with an estimated 17m bags in domestic stocks and some 500,000 more held in Europe after a failed attempt to intervene in the international market to raise prices.

Under the rejected proposal Brazilian coffee would have been pricesd at Cz 1,760 ($116.5) a bag at present.

One London dealer said yesterday that the level of price proposed by the NCPC was "realistic." But he added that the most important issue for Brazil was to get back into the market rapidly as prices looked set to fall further.

"Brazil has got some 10m to 12m bags to sell between now and the new crop that starts in July. The timeframe is becoming more and more compressed." he said.

The NCPC is now understood to be looking at an alternative plan under which the Government would be required to intervene in the domestic market by buying some 500,000 bags at Cz 2,100 to shore up prices.

For the Brazilian Government, the powerful coffee lobby is an increasingly uncomfortable thorn in the flesh. In view of the general squeeze on public sector expenditure it is extremely reluctant to come to the aid of the industry. At the same time, politically it is next to impossible to lower the Cz 2,064 minimum price guaranteed to producers at a time when inflation is surging back.

Coffee sales remain an extremely important component in Brazil's foreign trade surplus, last year earning some $2.4bn in hard currency desperately needed to cover the country's foreign debt liabilities. The total trade surplus is expected to amount to some $9.5bn.

Mr Paulo Graciano, President of the Brazilian Coffee Institute (IBC), the executive arm of the new NCPC, has come under increasing criticism from all sides of the industry that claim the IBC's pricing policy has needlessly kept the country out of the international market.

Yesterday he was quoted as predicting that the market would improve when world supplies fall back. But this conflicts strongly with opinion in London that is currently forecasting a further slide in prices, with robustas possibly dropping below 100 cents a lb within the foreseeable future.

● The International Coffee Organisation (ICO) executive Board's eight producing members will meet in London tomorrow to discuss whether to call for a plenary ICO producer session on possible reintroduction of ICO export quotas, according to producer spokesman Mr Jorio Danster of Brazil, reports Reuter.

This is in accordance with a decision taken at the time of the last ICO Board session in December to consider whether to hold a meeting of the 50 ICO producers if prices continued low.

Normal procedure would be for any such plenary meeting of producers to be held before the next ICO Board session, already scheduled for January 26-28 he said.

US farm options curb lifted

BY DAVID OWEN IN CHICAGO

THE COMMODITY Futures Trading Commission (CFTC), the US futures industry's regulatory watchdog, this week voted to terminate its agricultural options pilot programme, effectively ending restrictions on the number of such contracts which can be offered by individual US exchanges.

The limit of two agricultural options per exchange was raised to five in April 1986, and a rash of new contract launches followed.

The CFTC's latest move means that agricultural options will now be traded on a permanent basis in the US for the first time since they were banned by Congress in 1936. This followed strong complaints from farmers about trading abuses in the unregulated markets of the great depression.

The principal remaining restriction is that agricultural options must have an underlying futures contract trading a minimum of 3,000 contracts per week.

Tomorrow the Chicago Mercantile Exchange tomorrow will launch its fourth agricultural options contract—feeder cattle options.

The move comes just three months after trading started on pork belly options and will leave lumber as the only non-financial CME futures contract without an option.

Feeder cattle futures is the smallest contract in the exchange's agricultural futures complex. In 1986, volume totalled 411,441 contracts—a decline of 9.8 per cent from a year earlier.

Nonetheless, exchange officials are optimistic that feeder cattle options will be able to establish a respectable volume of business, basing this view on the unusual level of trade interest in the run-up to the launch.

The new option may also benefit from association with the CME's successful live cattle options which, in 1986, traded an impressive 718,099 contracts.

● The CFTC has agreed to conduct a survey to determine who uses livestock futures and options markets, reports Reuter from Washington.

The decision to identify participants in options and futures for live cattle, live hogs and feeder cattle came partly in response to cattle producers' complaints that speculators in those markets have driven down cash market prices.

India expects surge in coal use

BY P. C. MAHANTI IN CALCUTTA

DEMAND FOR coal in India will rise rapidly between now and the end of the century, according to the latest official estimates, and the country may be forced to become an increasingly significant coal importer in the next few years.

Demand, which grew at an average annual rate of 5.5 per cent in the first half of the decade, is now increasing by about 9 per cent a year, and is projected to be rising by more than 12.6 per cent in the late 1990s. If production is to keep pace, it will have to rise to more than 400m tonnes by the turn of the century from only 155m in 1985/86.

Coal provides 65 per cent of the energy consumed by Indian industry, and the country's power needs are rising rapidly. It is estimated that its thermal power generation capacity will have to rise to 58,000 MW—several times the current level, and requiring coal throughput of 272m tonnes against only 85m at present.

India's coal reserves are not super-abundant, but at a liberal estimate of 160bn tonnes and on current rates of consumption growth, they could last several hundred years. What causes particular worry, however, is the high ash content in Indian coal. Industrial fuel consumers have been complaining that poor-quality Indian coal is causing serious damage to their boilers.

As a result of these quality problems and of the limited proportion of total reserves accounted for by coking coal, India's fast-growing steel industry has been permitted by the Government to import modest quantities of coking coal—between 1m and 1.5m tonnes a year in recent years.

This total seems certain to rise as a result of plans to increase steel-making capacity to 17m tonnes by 1990 from the current total of 12m tonnes. Indian coking coal requirements, currently running at 28m tonnes, are expected to double in the next decade. The main beneficiary of the anticipated rise in imports will probably be Australia.

Chris Sherwell on Australia's long-running mining dispute

Broken Hill's future on the line

ONE HUNDRED years ago, in the arid wilderness of a deep-western corner of New South Wales, a bustling mining town was founded near a rich mound of silver-bearing ore. It was called Broken Hill, and it spawned what is now Australia's largest company, BHP.

Accounts of those early days speak of appalling living conditions and even worse working conditions. Yet while Broken Hill soon became a one-company town, labour also fought to organise itself, secure recognition and win major improvements.

Indeed, in spite of depressions, strikes and hardship, Broken Hill had by 1920 not only evolved into the centre of the lead-zinc industry, it was also something of a mecca for trade unionists because of its unique industrial system.

Now, decades on, the life of the mines is once again at stake because of a conflict between management and labour. The companies now operating them—CRA and North Broken Hill—want major improvements in productivity. The highly-organised mineworkers have been resisting.

The new deadline for a decision is January 26—Australia Day. That will be almost a year after the present dispute began, a period which has seen a damaging eight-week strike and some extraordinary brinkmanship.

The outcome has a wider importance because Broken Hill's output is a major component of Australia's lead an zinc production, and the country is the world's second largest producer and a major exporter.

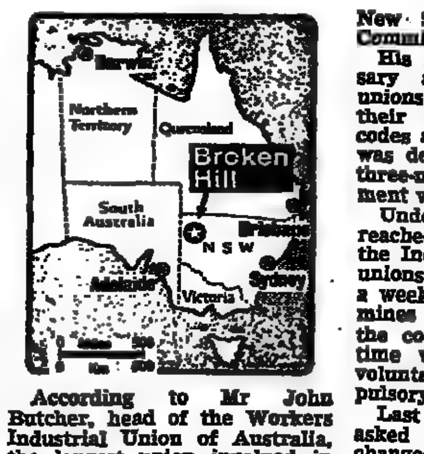
CRA's mines have a capacity to produce 2.35m tonnes of milled ore each year—yielding 190,000 tonnes of lead concentrate and 390,000 tonnes of zinc concentrate. But the grades being mined are getting lower.

CRA and North Broken Hill also jointly operate the world's biggest lead smelter and refinery, at Port Pirie in South Australia. Like the mines, the smelter was out of action for some time in 1986. It can produce 250,000 tonnes of refined lead a year, 45,000 tonnes of refined zinc and 280 tonnes of silver.

The effect on the world metals markets shows that this dispute has not been just a little local difficulty. Last month, lead prices briefly reached their highest level in nearly two years in London, having previously plumbed worrying low levels. Market sentiment remains fragile.

The mineworkers have their own worries about metal prices. Even if they agree to everything the companies want, they say, this cannot guarantee the future of the mines if prices are too low.

The companies agree that, even with changes in work practices and fresh investment to ensure increased productivity, the best hope may only be that the mines will keep going until the year 2000. But they say this will at least prevent Broken Hill becoming a ghost town.



According to Mr John Butcher, head of the Workers Industrial Union of Australia, the largest union involved in the dispute, morale among the mineworkers is now the lowest he can remember in 30 years.

In his view, Broken Hill is going through its worst crisis since the Big Strike of 1919-20. But unlike other times, he says, workers have no alternative mines to go to, and would now have to sell their houses and leave town if the mines shut.

Already this year, hundreds have accepted voluntary redundancy or taken early retirement. The overall mine workforce is 1,500, compared to 2,100 last November. The WIU's membership has dipped to 900.

A mass meeting of the labour force is set for the weekend before Monday, January 26. Before them will be recomendations on working conditions produced by Judge Cahill of the New South Wales Industrial Commission last month.

His judgment became necessary after management and unions had failed to resolve their differences over safety codes and work practices. This was despite an extension of a three-month back-to-work agreement which expired in October.

Under this agreement, reached under the auspices of the Industrial Commission, the unions agreed to work 19 shifts a week in certain areas of the mines — still short of the 21 the companies wanted. Overtime would be worked on a voluntary rather than a compulsory basis.

Last month the unions also asked the companies for changes in the current severance and pension schemes. Though these claims will be discussed, the management privately sees the requests as a form of industrial blackmail to help ensure an accord in January.

The bigger issue remains the commercial performance of the mines themselves. According to CRA, results last year were seriously affected by the dispute. North Broken Hill appears slightly less worried.

If metal prices remains firm, the companies may be able to live with smaller productivity improvement than they originally sought. But no one doubts that the longer-term future of the mines themselves is at stake. That means Broken Hill itself—and thus a unique piece of Australian history — is also under the gun.

Ministers to study tin output plan

By Wong Sulong in Kuala Lumpur

MINING MINISTERS from Malaysia, Indonesia and Thailand will hold a one day meeting in Singapore on Friday to discuss the possibility of agreeing to a tin production schedule for this year that would not disrupt the steadily strengthening tin market.

The three Ministers will study a draft agreement reached by senior officials of the seven nation Association of Tin Producing Countries (ATPC), in Kuala Lumpur last November to keep tin production to that of last year's level of 96,000 tonnes.

Although the three Southeast Asian Governments see the benefits of a production quota among producers, there is pressure among miners to increase output to take advantage of improved prices.

Last year, Indonesia's tin output was estimated at 26,000 tonnes and mining authorities in Jakarta have said they hope to raise levels by at least 10 per cent this year.

Thailand, which produced 18,000 tonnes last year, wants its share of any agreed quota to be raised by at least 1,000 tonnes, while Malaysian miners are also anxious to expand to meet high operating costs.

Mr Ibrahim Menudin, president of the Malaysian Chamber of Mines and head of Malaysia Mining Corporation, said recently that any production quota by the ATPC members must be matched by similar sacrifices from non-ATPC tin producers, particularly Brazil and China. "Otherwise, we would be only hurting ourselves," he said. So far, Brazil and China have only given vague promises of production.

On the Kuala Lumpur Tin Market yesterday, tin continued its steady climb, rising by 5 cents to 17.44 ringgit a kilo. Turnover was down to 50 tonnes from Tuesday's 87 tonnes as miners held back in anticipation of better prices.

No foreign tin was offered.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,300-2,360 (same).

BISMUTH: European free market, min 99.9 per cent, $ per lb, tonne lots in warehouse, 2.15-2.25 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 0.85-0.90 (same), sticks, 0.85-0.90 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.20-6.40 (6.20-6.35).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 158-170 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.05-3.10 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.10 (same).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 32-46 (same).

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif., 2.48-2.53 (same).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.00 (same).

LONDON MARKETS

BEARISH CHART patterns continued to weigh down nickel prices on the London Metal Exchange yesterday. Early selling pushed the market to fresh four-year lows at one stage, but prices recovered somewhat on profit-taking and buying which appeared to be on behalf of producers, traders said. The cash price closed at £2,362.50 a tonne, adding £15 to Tuesday's £25 decline, while the three months position, which touched £2,410 early on, closed £18 down on the day at £2,417.50 a tonne. Despite yesterday's late recovery most analysts remained bearish for nickel with some suggesting that the three months position could soon test the chart support level around £2,350 a tonne. Supply tightness continued to buoy up the cash lead price, which gained £10.50 on the day to £351 a tonne. But the three months position ended only £1 up at £310.50 a tonne. In contrast zinc continued to lose ground and the cash price fell £7.25 to £538.25 a tonne, taking the fall on the week so far to £22.75.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	790-1	+16.75	792.5/792
3 months	797-8	+9.25	802/795.5

Official closing (am): Cash 792-2.5 (773.5-4), three months 800-0.5 (788-8.5), settlement 792.5 (774). Final Kerb close: 797-7.5. Turnover: 17,250 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	919.5-20	+0.5	916.5/916
3 months	942-2.5	+1	943/938

Official closing (am): Cash 916-6.5 (919-9.5), three months 939-9.5 (941-1.5), settlement 916.5 (919.5). Final Kerb close: 942-3.

Standard			
Cash	890-5	-2.5	—
3 months	918-9	+0.5	—

Official closing (am): Cash 887-8 (892-5), three months 914-6 (917-9), settlement 888 (895). US Producer prices: 63.25-67.50 cents per pound. Total Turnover: 11,100 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	350-2	+10.5	350/354
3 months	310-1	+1	313/310

Official closing (am): Cash 354-5 (340-1), three months 312.5-3 (309-10), settlement 355 (341). Final Kerb close: 310-11. Turnover: 14,200 tonnes. US Spot: 24-29 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2360-5	-15	2380/2375
3 months	2417-8	-18	2445/2410

Official closing (am): Cash 2,375-8 (2,375-80), three months 2,433-4 (2,435-6), settlement 2,378 (2,380). Final Kerb close: 2,418-20. Turnover: 1,080 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	538-8.5	-7.25	543/540
3 months	528-9	-1	530/527

Official closing (am): Cash 542-3 (548-9), three months 529-5 (528-30), settlement 543 (549). Final Kerb close: 527-7.5. Turnover: 5,800 tonnes. US Prime Western: 42-44.75 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 17.44 (17.39) ringgit per kg. Up 0.5.

GOLD

Gold fell $1 an ounce from Tuesday's close in the London bullion market yesterday to finish at $399¾-400¼. The metal opened at $400¼-401 which proved to be the day's high and touched a low of $398¾-398¾. Trading was generally featureless with traders unwilling to move far from the $400 level for the time being.

GOLD BULLION (fine ounce) Jan. 7		
Close	$400½-401	(£270½-271)
Opening	$399¾-400¼	(£271¾-272¼)
M'n'g fix	$399.50	(£271.861)
Aft'n'n fix	$400.40	(£272.385)

GOLD AND PLATINUM COINS		
Am Eagle	$412½-417½	(£280½-283¾)
Mapleleaf	$409¼-413¼	(£278¼-281)
Kr'g'r'ng	$400-403	(£272-274)
½ Krug	$203-206	(£138-138¾)
¼ Krug	$102-108	(£69¼-70)
Angel	$408-411	(£277½-279½)
1/10 Angel	$40¼-45¼	(£27¼-31)
New Sov	$94-97	(£63¾-66)
Old Sov	$95-96¼	(£64½-65½)
$ 20 Eagle	425-475	(£282-323)
Noble Plat	$494-502	(£335¾-341¼)

SILVER

Silver was fixed 1.1p an ounce lower for spot delivery in the London bullion market yesterday at 364.75p. US cent equivalents of the fixing levels were: Spot 536c, down 4c; three-month 543.9c, down 3.85c; six-month 551.65c; and 12-month 567.45c, down 4c. The metal opened at 363½-365p (536-540c) and closed at 364½-365p (536-538c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	364.75p	-1.10	363.75p	-2.25
3 months	374.55p	-1.25	373.75p	-1.55
6 months	384.20p	-0.85	—	—
12 months	403.65p	-1.08	—	—

LME—Turnover: Nil (57) lots of 10,000 ozs.

Three months final Kerb 373-4.5p.

SOYABEAN MEAL

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
Feb	125.8-126.0	-0.15	126.5
April	125.8-126.0	-0.10	—
June	120.0-121.0	-0.20	120.5
August	119.8-120.0	-0.30	119.6
October	121.2-121.5	+0.25	121.2
Dec	123.0-124.5	-0.15	—
Feb	124.0-126.5	—	—

Sales: 66 (86) lots of 20 tonnes.

INDICES

REUTERS

Jan. 7	Jan. 6	M'th ago	Year ago
1651.4	1636.7	1638.2	1771.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 6	Jan. 5	M'th ago	Year ago
Spot	114.29	114.36	—	131.66
Fut	116.14	116.41	—	136.51

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 7 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1290/1300	+25	$1200/1225
Copper			
Cash Grade A	£919.75	+0.5	£926.75
3 mths	£942.25	+1	£947.75
Gold Troy oz	$400	-1	$391
Lead Cash	£351	+10.5	£363
3 mths	£310.5	+1	£325.25
Nickel			
Free Mkt	155/165c		164/184c
Palladium oz	$120.25	-0.75	$117.50
Platinum oz	$483.50	-2.5	$460.50
Quicksilver†	$158/170	-1	$168/170
Silver troy oz	364.75p	-1.10	373.75p
3 mths	374.55p	-1.25	385.05p
Tin			
free Mkt	$4610/4640		$4480/4520
Tungsten	$41.44		$47.64
Wolfram 22.04lb	$52/42		$52/49
Zinc	£538.25	-7.25	£553.5
3 mths	£528.5	-1	£536.5
producers	$870		$870
OILS			
Coconut (Phil)	$415x		$422.5
Palm Malayan	$320w		$290
Copra (Phil)	$250		$265
Soyabean (U.S.)	$141	-1	$150
GRAINS			
Barley Fut. Mar.	£112.75	-0.25	£114.20
Maize	£143.25	+1.25	£144.00
Wheat Fut. Mar.	£113.50	-0.85	£113.10
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1419.5	+2	£1488
Coffee Ft. Mar.	£1655.5	+33	£1819
Cotton A Ind.*	66.00c		58.70c
Gas Oil Feb.	$156.5	+0.5	$123.5
Rubber (kilo)	65.25p	+0.5	63.75p
Sugar (raw)	$139.5x	-5	$151
Wooltops 64s	425p kilo		425p kilo

COFFEE

In disappointing volume levels closed on the highs as short-term moving averages crossed. After a quiet morning commission houses short-covering in London and New York prompted gains of up to £36, basis March, from the lows. With most houses waiting for fresh news from Brazil regarding 1987 export policies, the buying met little resistance, reports Drexel Burnham Lambert.

COFFEE	Yesterday close	+ or —	Business Done
Jan	1642-50	+53.5	1641-05
Mar	1655-56	+33.0	1655-17
May	1677-80	+31.0	1677-43
July	1700-05	+40.0	1698-68
Sept	1725-30	+40.0	1725-01
Nov	1740-50	+50.0	1750
Jan	1750-70	+45.0	—

Sales 3,506 (5,466) lots of 5 tonnes. ICO indicator prices (US cents per pound) for January 6: Comp. daily 1979 120.41 (121.16); 15-day average 126.27 (127.11).

COCOA

Futures opened £10 lower but rallied late in the afternoon to close at the highs. Producers remained withdrawn, while consumers again made light purchases at the lows, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business Done
March	1394-1395	—	1395-1386
May	1419-1420	+2.0	1421-1409
July	1444-1446	+4.5	1446-1434
Sept	1466-1470	+5.0	1469-1452
Dec	1494-1495	+2.0	1495-1485
March	1523-1525	+5.5	1522-1512
May	1539-1549	+6.5	1542-1534

Sales: 2,777 (3,388) lots of 10 tonnes. ICCO indicator prices. Daily price for January 7: 89.19 (89.40); five-day average for January 8: 90.43 (90.81) US cents per pound. Daily price 1,603.02 (1,605.36); 10-day average 1,634.59 (1,638.67) SDRs per tonne.

POTATOES

The market opened £1.50 down and immediately came under selling pressure, falling another £1.40 before recovering to close in mid-range, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	107.00	107.00	
Apr	156.80	156.50	157.80-155.80
May	175.70	177.50	175.70-175.00
Nov	88.60	89.00	88.50-89.00
Feb	97.60	99.00	

Sales: 514 (1,911) lots of 40 tonnes.

SUGAR

News of fresh buying interest from India arrested the decline, reports C. Czarnikow.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
Mar	138.8-139.2	141.0-141.2	139.2-136.4
May	138.6-138.8	137.0-137.2	138.2-136.4
Aug	142.6-143.0	141.2-141.8	142.8-140.4
Oct	146.8-147.2	144.8-145.0	146.4-144.2
Dec	150.6-152.2	149.0-152.0	—
Mar	159.2-162.2	157.0-161.0	—
May	164.0-166.2	160.0-165.0	—

LONDON DAILY PRICE—Raw sugar $139.50 (£95.00), down $5.00 (down £3.00) a tonne for January-February delivery. White sugar $171.50, down $3.00.

Sales: 2,082 (2,724) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £197.50 (£200.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for January 6: Daily price 5.28 (5.41); 15-day average 5.47 (5.48).

FREIGHT FUTURES

An active market rose on an higher index and reports of Gulf/Japan rates as high as $12.25. Background support was generated by a firm crude oil market, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
Jan.	760/767	768/735	725/30
April	780/782	790/775	765/67
July	676/677	685/674	659/61
Oct.	791/795	795/790	770/74
Jan.	790/799	806/790	760
Apr.	810	815	800
July	712	—	690
Oct.	816	880/805	760
BFI.	719.5	—	710.5

Turnover: 613 (357).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.13p per kg lw (+1.31). GB—Sheep 190.73p per kg est dcw (−30.32). GB—Pigs 72.82p per kg lw (−1.12).

FUTURES—Pigs: Feb 94.80, sales 15.

RUBBER

PHYSICALS — The London market opened slightly steadier, attracted some covering throughout the day and closed quiet but steady, reports Lewis and Peat. Closing prices (buyers): Spot 65.25p (64.75p); Feb 63.25p (62.75p); March 63.50p (63.00p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 224.5 (223) and SMR 20 202.5 (202).

FUTURES—Index 662. February 670-680, March 675-685, April-June 680-690, July-Sept 696-701. Sales: Nil.

GRAINS

Old crop wheat found the day divided into two contrasting sessions. The morning was dictated once again by keen shipper/broker buying steadying values before country hedge selling and shipper long liquidation was encountered. The latter feature continued in the afternoon with the distinct absence of the early buyers. In similar fashion the old crop barley market rose in early very thin trading before encountering shipper/broker long liquidation in the afternoon. New crop barley market traded only one lot at unchanged where values stayed throughout the day. New crop wheat found September/November switching and flat shipper buying interest against country hedge selling, reports T. G. Roddick.

Mnth	WHEAT Yestrdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Jan	111.090	-0.12	110.45	-0.20
Mar	113.30	-0.25	112.75	-0.25
May	115.60	-0.30	114.90	-0.35
July	117.90	-0.10	—	—
Sep.	110.70	-0.10	110.10	—
Nov.	102.80	—	102.55	—
Jan.	105.75	-0.05	105.90	—

LONDON GRAINS — Wheat: US dark northern spring no.1 15 per cent Feb 103.25, Mar 103.75, Apr/May 102.00. US no.2 soft red winter Jan 105.00 quoted. French 11½-12 per cent Jan 141.75. English feed fob Jan 116.25, Feb 117.00, Mar 118.00 paid east coast, April 120.00 paid east coast, Jan 116.00/116.50 buyers/sellers, Feb 117.2.5, Mar 118.25, Apr/Jun 119.25 sellers. Maize: US no.3 yellow/French transhipment east coast Dec 143.25. Barley: English feed fob Jan 116.00/117.00 buyers/sellers English Feb 116.50 sellers Scottish, 116.00/116.50 buyers/sellers English/Scottish, Mar 117.00/117.50 buyers/sellers English/Scottish, 118.00 buyers English, Apr/Jun 119.25 sellers English/Scottish.

HGCA — Locational ex-farm spot prices (including co-responsibility levy of £3.373 a tonne). Feed barley: Eastern 111.30, E. Mids 112.50, N. East 112.30. The UK monetary coefficient for the week beginning Monday January 12 will remain unchanged.

Business done—Wheat: Jan 111.15-10.95, March 113.75-3.30, May 116.00-15.50, July 118.10-7.90, Sept 100.75-0.70, Nov 102.80-2.75, Jan 105.75. Sales: 301 lots of 100 tonnes. Barley: Jan 110.55-10.45, March 113.15-2.75, May 114.85-4.30, Sept 110.10, Nov and Jan untraded. Sales: 102 lots of 100 tonnes.

OIL

Several January North Sea cargoes sold at around $18. Forward Brent prices were fairly stable with interest moving into March. February WTI opened 3c up on Nymex and traded in a narrow range to close 7c down at 1.30 pm EST. In the petroleum products market gasoline was firm on demand due to the French railstrike and gas oil continued firm with reluctant sellers. Naphtha weakened slightly as most traders were covered. Fuel oil was stable with market direction uncertain—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB($ per barrel)—Jan.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.05-17.15*	-0.05
Brent Blend	18.05-18.15	-0.075
W.T.I. (1pm est)	18.10-18.20*	+0.025
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	180-183	+5
Gas Oil	159-161	+3.5
Heavy fuel oil	94-96	+0.5
Naphtha	157-159	-1.5

* February.
Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
Jan	157.00	+3.00	157.50-54.75
Feb	156.50	+0.50	158.75-58.25
Mar	153.75	-0.25	156.25-55.25
Apr	149.50	-0.25	151.75-49.50
May	146.00	-0.50	149.50-46.00
June	145.50	+1.50	146.50-45.50

Turnover: 6,324 (6,311) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close	+ or —	Business Done
	US $ per tonne		
Jan	99.00	—	101.00-99.00
Feb	97.00	-0.50	100.00-96.50
Mar	96.00	—	—

Turnover: 98 (128) lots of 100 tonnes.

US MARKETS

FOLLOWING AN adverse inventory report on Tuesday night, energy futures came under early pressure but local-dominated buying in quiet trading helped steady prices above support areas, reports Drexel Burnham Lambert. One feature was the narrowing of the February-March crude oil switch. Local selling in gold futures depressed prices but trade buying coupled with speculative short-covering steadied values above the support area beginning at $400, basis February. Coffee, cocoa and sugar futures all opened lower on commission house selling following Tuesday's sharp declines, but scale-down trade buying prompted short-covering. Wheat futures led the grains as talk of additional allocations under the US export subsidy programme and news of a sale by the EEC to the USSR prompted short-covering. Maize futures followed wheat with a technical rally while soyabeans held in a range despite firmer cash prices. Anticipation of an increase in slaughterings weakened pork belly cash prices leading to a decline in the futures. A similar weakening occurred in hog futures, but cattle remained basically unchanged despite firmer cash prices.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	51.50	—	—	51.00
Feb	51.65	—	—	51.15
March	51.80	52.05	51.70	51.30
May	51.90	52.05	51.70	51.55
July	52.10	52.10	52.10	51.75
Sept	52.30	—	—	52.05
Jan	52.70	—	—	52.45
March	52.85	—	—	52.60
May	52.95	—	—	52.70

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	1988	1965	1960	1961
March	1856	1866	1846	1857
May	1894	1903	1882	1882
July	1918	1925	1905	1913
Sept	1943	1935	1935	1938
Dec	1966	1965	1960	1961
March	1986	—	—	1981

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	132.90	134.50	131.50	133.88
May	134.70	136.95	[illegible]	135.23
July	136.63	138.00	134.75	136.75
Sept	136.50	138.75	136.25	137.63
Dec	138.25	139.00	139.00	138.13
March	138.00	—	—	138.50
May	138.00	—	—	138.63

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	61.15	—	—	61.25
Feb	61.45	—	—	61.60
March	61.85	61.95	61.60	62.00
May	62.40	62.50	62.20	62.50
July	62.80	62.90	62.70	62.85
Sept	63.20	63.20	63.05	63.20
Jan	64.00	—	—	64.00
March	64.40	64.40	64.40	64.40
May	64.70	—	—	64.70

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	57.98	58.20	57.72	57.90
May	57.92	58.18	57.70	57.82
July	57.85	58.03	57.75	57.67
Oct	56.85	56.90	56.75	56.60
Dec	56.70	56.95	56.55	56.60
March	57.15	—	—	57.05
May	57.60	—	—	57.50

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Latest	High	Low	Prev
Feb	18.23	18.28	18.10	18.22
March	18.21	18.26	18.07	18.16
April	18.08	18.08	17.91	18.00
May	17.85	17.88	17.73	17.83
June	17.67	17.67	17.58	17.67
July	17.50	17.52	17.45	17.52
Aug	17.40	17.40	17.35	17.39
Sept	17.45	17.45	17.35	17.27
Oct	17.17	—	—	17.16

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	51.20	51.25	50.45	50.96
March	50.45	50.50	49.75	50.16
April	48.95	48.95	48.30	48.62
May	47.50	47.50	46.90	47.22
June	46.65	46.75	46.30	46.57
July	46.90	47.00	46.50	46.57
Aug	47.70	47.70	47.70	47.52
Sept	48.50	—	—	48.47

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	402.6	—	—	400.3
Feb	404.3	404.7	400.2	402.2
March	405.9	403.7	401.0	403.3
April	408.0	408.5	403.5	406.0
June	411.5	411.5	407.5	[illegible]
Aug	415.6	414.0	411.5	[illegible]
Oct	418.4	415.0	414.9	416.3
Feb	428.1	423.5	422.8	424.0
June	433.7	—	—	431.8
Oct	418.4	416.0	414.9	416.3

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	124.50	126.05	124.50	125.45
March	126.45	127.70	126.20	127.40
May	127.70	129.30	126.90	128.60
July	128.20	129.00	127.75	128.20
Sept	129.00	—	—	129.70
Jan	130.45	—	—	131.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	482.4	482.0	473.1	477.8
April	486.7	487.5	478.0	482.1
July	490.2	490.0	480.5	485.6
Jan	498.2	—	—	493.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	540.0	536.0	536.0	537.9
Feb	542.7	—	—	540.7
March	546.5	546.8	540.0	543.5
May	551.7	552.0	548.0	549.2
July	556.4	557.0	551.5	554.5
Sept	562.2	561.5	561.5	560.3
Jan	574.0	—	—	572.1
March	579.9	—	—	578.0
May	586.1	—	—	584.2

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	5.90	5.91	5.77	5.84
May	6.18	6.18	6.01	6.09
July	6.33	6.34	6.17	6.30
Sept	6.35	6.35	6.24	6.30
Oct	6.54	6.56	6.41	6.51

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	57.12	57.62	56.90	57.12
April	57.45	57.70	57.20	57.40
June	56.70	56.90	56.60	56.65
August	55.55	55.55	55.40	55.40
Oct	54.35	54.55	54.30	54.25

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	47.80	48.50	47.72	48.47
April	43.85	44.20	43.45	44.15
June	46.07	46.80	46.00	46.82
July	46.07	46.50	46.00	46.55
August	43.65	44.70	43.50	44.37
Oct	41.00	41.10	40.85	41.17
April	38.92	38.97	38.82	38.90

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	156.4	158.2	152.6	153.0
May	162.6	163.2	160.2	160.6
July	167.2	167.6	164.8	165.2
Sept	171.2	172.2	169.4	169.2
Dec	175.6	176.2	173.0	173.6
March	184.0	184.0	181.4	182.0
May	187.8	187.8	185.2	185.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	67.10	69.20	67.02	69.02
March	65.92	67.95	65.90	67.90
May	66.00	67.80	65.90	67.67
July	63.92	65.75	63.75	65.55
August	61.92	63.65	61.60	63.57

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	490.4	490.4	485.4	486.2
March	492.2	492.4	487.0	488.2
May	494.2	494.6	489.0	491.0
July	496.4	497.0	492.2	494.2
August	496.4	498.0	492.4	493.6
Sept	488.4	489.4	486.4	487.0
Nov	486.0	487.4	485.4	487.2
Jan	493.0	494.0	490.0	496.2
March	501.0	502.0	—	505.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	141.6	142.1	140.9	141.1
March	142.4	143.0	141.8	142.1
May	143.0	143.3	142.5	142.8
July	143.4	143.8	143.3	143.7
August	143.7	144.0	143.5	143.8
Sept	143.8	144.5	143.2	144.0
Oct	143.6	144.5	143.5	144.5
Dec	145.0	145.8	145.0	145.6
Jan	146.7	146.5	147.0	146.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	15.46	15.47	15.15	15.23
March	15.73	15.78	15.42	15.50
May	15.98	16.02	15.70	15.79
July	16.15	16.17	15.90	15.90
August	16.05	16.05	15.80	15.86
Sept	15.94	15.95	15.70	15.73
Oct	15.80	15.80	15.60	15.70
Dec	15.85	15.90	15.65	15.72
Jan	15.80	15.82	15.90	15.72

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	276.2	277.0	268.4	268.2
May	261.0	261.6	254.4	255.2
July	243.0	243.4	239.0	239.4
Sept	244.0	244.6	241.0	240.2
Dec	251.0	251.0	248.0	248.0
March	276.2	277.0	268.4	268.2

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 536.0 (541.0) cents per troy ounce.

Crisp sales rise by 5%

POTATO CRISP sales rose 5 per per cent to a record £600m in 1986 acording to a study by the Department of Food and Nutritional Sciences at King's College, London.

The study showed that crisps could provide a valuable source of energy within a balanced diet.

The Snack, Nut and Crisp Manufacturers Association said all artificial colourings and preservatives were removed from crisps during 1986 and sales continued to grow at an annual rate of 5 per cent.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

EMS steadies on intervention

THE FRENCH FRANC was very weak yesterday but steadied after central bank intervention. Pressure on the weaker currencies such as the Belgian franc and the Danish krone was intensified while the French franc suffered not only from the strength of the D-Mark but also from a loss of confidence caused by domestic industrial problems.

Tuesday afternoon's decision by the Bank of France to allow the French franc to fall to its EMS floor level against the D-Mark served two purposes. Firstly to register dissatisfaction over the Bundesbank's reluctance to cut interest rates or move in some other way to offset the strength of the D-Mark and also to leave the ball in the court of the West German authorities. The latter's position was complicated by a desire to hold interest rates firm to contain domestic money supply growth and also the need to avoid any potentially contentious situation caused by pressure on parities ahead of the general election later this month.

The Bundesbank responded in early trading by selling D-Marks and buying both dollars and French francs. It bought dollars at around DM 1.9170 and the US unit moved firmer to DM 1.9200 quite quickly before moving even firmer during the day. The West German central bank bought French francs when the latter opened in Frankfurt at its EMS floor level of DM 30.88 per FFr 100.

At the same time the Bank of France sold D-Marks in Paris when the German unit was quoted at its ceiling level of FFr 3.2303. In Frankfurt the French franc was fixed at DM 30.935 per FFr 100 down from DM 30.19 on Tuesday. In London the D-Mark closed at FFr 3.3325 up from FFr 3.3272.

The dollar benefited from efforts by central banks to restrain the D-Mark. Both the Bundesbank and the Bank of Japan bought dollars and the US unit finished at DM1.9275 up from DM1.9200, having touched a low of DM1.9125 but eased against the yen to Y158.05 from Y158.75. Elsewhere it rose to SFr 1.6205 from SFr 1.6125 and FFr 6.4225 compared with FFr 6.3875. On Bank of England figures, the dollar's exchange rate index rose to 108.2 from 107.9.

Sterling lost ground during the morning as the dollar weakened but rallied later in the day as the dollar recovered. Its exchange rate index finished at 68.8 up from 68.7 earlier in he day but down from 68.9 on Tuesday. Against the dollar it slipped to $1.4710 from $1.4765 but was unchanged against the D-Mark at DM 2.8350. Elsewhere it finished at SFr 2.3850 from SFr 2.38 and Y232.50 compared with Y234.25. Against the French franc it closed at FFr 9.4475 from FFr 9.4325.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.9175. December average 1.9898. Exchange rate index 145.5 against 135.7 six months ago.

Intervention by the Bundesbank to depress the D-Mark both against its EMS partners and the dollar resulted in dollar purchases of $22.6m at yesterday's fixing in Frankfurt. Although relatively modest, the intervention served to underline the uncomfortable position in which the West German authorities were placed, trying to contain domestic money supply growth and at the same time discharge its EMS obligations. The dollar was fixed at DM 1.9283 compared with DM 1.9239 and closed at DM 1.9275 from DM 1.9210.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.1280	+0.03	+0.87	±1.5368
Danish Krone	7.81701	7.84092	+0.31	+1.15	±1.6403
German D-Mark	2.11083	2.07029	−1.92	−1.08	±1.1127
French Franc	6.87316	6.89469	+0.31	+1.15	±1.3659
Dutch Guilder	2.37833	2.33657	−1.76	−0.92	±1.5059
Irish Punt	0.764976	0.765145	+0.02	+0.86	±1.6683
Italian Lira	1476.95	1450.37	−1.80	−1.47	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan 7	Latest	Previous Close
£ Spot	1.4690-1.4700	1.4810-1.4820
1 month	0.56-0.53 pm	0.62-0.61 pm
3 months	1.79-1.74 pm	1.72-1.69 pm
12 months	6.35-6.25 pm	6.32-6.22 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Jan. 7	Previous
8.30	am	68.9	68.7
9.00	am	68.9	68.8
10.00	am	68.8	68.8
11.00	am	68.7	68.8
Noon		68.7	68.8
1.00	pm	68.7	68.9
2.00	pm	68.7	68.9
3.00	pm	68.7	68.9
4.00	pm	68.8	68.9

CURRENCY RATES

Jan. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.824735	0.729975
U.S. Dollar	5.5	1.20656	1.07397
Canadian $	8.47	–	1.47138
Austrian Sch.	4	16.4640	14.5814
Belgian Franc	8¼	48.2832	43.1280
Danish Krone	7	8.96002	7.84091
Deutsche Mark	3½	2.34638	2.07029
Neth. Guilder	4½	2.67022	2.33657
French Franc	9½	7.80009	6.89469
Italian Lira	12	N/A	1450.37
Japanese Yen	3.0	194.169	169.699
Norway Krone	8	9.04568	7.93869
Spanish Peseta	—	161.722	141.580
Swedish Krona	7½	N/A	7.26887
Swiss Franc	4	1.98948	1.74246
Greek Drach.	20½	169.635	150.307
Irish Punt	—	N/A	0.765145

*CS/SDR rate for Jan. 6: 1.66713

CURRENCY MOVEMENTS

January 7	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.8	−24.9
U.S. Dollar	108.2	+0.6
Canadian Dollar	77.3	−12.2
Austrian Schilling	130.0	+9.9
Belgian Franc	98.6	−3.9
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Jan. 7	£	$
[illegible]	[illegible]	[illegible]
Greece	201.86-205.41	136.30-138.85
Hong Kong	11.4346-11.4445	7.7845-7.7865
Iran	110.75*	74.90*
Korea (Sth)	1259.55-1261.05	857.30-864.30
Kuwait	0.42890-0.42970	0.29200-0.29230
Luxembourg	59.00-59.10	40.10-40.20
Malaysia	3.8230-3.8290	2.6090-2.6050
N. Zealand	2.7065-2.7148	1.8440-1.8450
Saudi Ar.	5.5070-5.5125	3.7490-3.7500
Singapore	3.1865-3.1915	2.1695-2.1715
S. Af. (Cm)	3.1605-3.1670	2.1515-2.1560
S. Af. (Fn)	6.6775-6.9955	4.5955-4.7620
Taiwan	52.35-52.60	35.40-35.50
U.A.E.	5.3954-5.4005	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Jan. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4655-1.4815	1.4705-1.4715	0.61-0.58c pm	4.85	1.76-1.71 pm	4.72
Canada	2.0155-2.0277	2.0195-2.0205	0.55-0.45c pm	2.97	1.48-1.32 pm	2.77
Netherlands	3.19½-3.20½	3.19½-3.20½	1½-1¼c pm	5.16	4½-3¾ pm	5.00
Belgium	58.94-59.23	59.08-59.18	8-4c pm	1.22	29-21 pm	1.69
Denmark	10.72¼-10.75¾	10.73¾-10.74¾	⅞-1⅝ore dis	−1.40	2-2⅝ dis	−0.86
Ireland	1.0495-1.0525	1.0495-1.0505	0.30-0.50p dis	−4.57	0.90-1.30 dis	−4.19
W. Germany	2.83-2.84	2.83-2.84	1⅝-1½ pf pm	6.61	4½-4¼ pm	6.17
Portugal	213.57-215.64	213.75-214.68	88-138 c dis	−6.11	220-316 dis	−5.01
Spain	193.54-194.59	194.30-194.55	30-48 c dis	−2.41	87-120 dis	−2.13
Italy	1977½-1998¼	1991½-1992½	2-6 lire dis	−2.41	5-10 dis	−1.51
Norway	10.82½-10.87¼	10.84-10.85	5¼-5⅞ ore dis	−6.09	15¾-16¼ dis	−5.83
France	9.42¼-9.46½	9.44¼-9.45¼	1½-2¼ c dis	−2.14	½ pm-½ dis	–
Sweden	9.94-9.98½	9.95¼-9.96¼	2⅛-1⅞ ore pm	2.26	3⅞-3⅛ pm	1.53
Japan	232-233½	232-233	1½-1¼ y pm	7.10	3⅞-3¾ pm	6.56
Austria	19.94-20.01	19.98-20.01	9⅞-8½ gro pm	5.51	27¼-24¼ pm	5.15
Switzerland	2.38-2.39	2.38-2.39	1½-1⅜ c pm	7.56	4⅛-4 pm	6.92

Belgian rate is for convertible francs. Financial franc 59.90-60.00. Six-month forward dollar 3.39-3.32 c pm. 12-month 6.44-6.34 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Jan. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4655-1.4825	1.4705-1.4715	0.61-0.58c pm	4.85	1.76-1.71 pm	4.72
Ireland†	1.3985-1.4128	1.4005-1.4020	1.12-0.98c pm	8.98	3.10-2.85 pm	8.48
Canada	1.3705-1.3738	1.3710-1.3720	0.20-0.25c dis	−1.88	0.65-0.70 dis	−1.97
Netherlands	2.1600-2.1825	2.1750-2.1760	0.08-0.05c pm	0.36	0.20-0.15 pm	0.32
Belgium	39.89-40.29	40.10-40.20	11-13 c dis	−3.58	25-29 dis	−2.69
Denmark	7.29¾-7.32½	7.30-7.30½	2.70-3.60 ore dis	−5.17	8.70-9.60 dis	−5.01
W. Germany	1.9125-1.9335	1.9270-1.9280	0.28-0.25c pm	1.65	0.73-0.68 pm	1.46
Portugal	145¾-146	145¾-146	120-145c dis	−10.90	320-380 dis	−9.60
Spain	130.82-132.20	131.80-131.90	85-100c dis	−8.42	225-255 dis	7.28
Italy	1337-1357	1353¾-1354¼	7-9 lire dis	−7.11	20-22 dis	−6.22
Norway	7.33-7.39	7.37-7.37½	6.20-7.00ore dis	−10.74	19.10-19.90 dis	−10.58
France	6.37-6.44	6.42-6.42½	4.00-5.00c dis	−8.41	8.50-9.50 dis	−5.61
Sweden	6.73¼-6.78½	6.76¼-6.77¼	1.40-1.90 ore dis	−2.92	5.35-5.95 dis	−3.34
Japan	157.30-158.45	158.00-159.10	0.31-0.27y pm	2.20	0.75-0.70 pm	1.83
Austria	13.48-13.61¼	13.58¼-13.59¼	1.10-0.90gro pm	0.71	2.50-1.00 pm	0.52
Switzerland	1.6055-1.6270	1.6200-1.6210	0.39-0.34c pm	2.72	0.96-0.91 pm	2.32

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.70-40.80.

EURO-CURRENCY INTEREST RATES

Jan. 7	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11-11⅛	11-11⅛	11⅛-11¼	11⅛-11¼	11-11⅛	10⅞-11⅛
U.S. Dollar	6⅝-6⅞	6⅛-6⅜	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼
Can. Dollar	7⅞-7¾	7⅞-7¾	7⅞-8⅛	7⅞-8¼	8-8¼	8⅛-8⅜
D. Guilder	5⅞-6	5⅞-6	5⅞-6⅛	5⅝-5⅞	5⅝-5⅞	5⅝-5⅞
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.471	2.835	232.5	9.448	2.385	[illegible]	[illegible]	[illegible]	[illegible]
$	0.680	1	1.928	158.1	6.423	1.621	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.353	0.519	1	82.01	3.332	0.841	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.301	6.327	12.19	1000.	40.63	10.26	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.058	1.557	3.001	246.1	10.	2.524	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.419	0.617	1.189	97.48	3.961	1.	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.313	0.460	0.886	72.66	2.952	0.745	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.502	0.738	1.423	116.7	4.743	1.197	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.495	0.728	1.403	115.1	4.677	1.181	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.693	2.491	4.801	393.7	16.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Belgian discount rate up to 8½%

PRESSURE REMAINED at a high point in the European Monetary System yesterday, although the West German Bundesbank appeared to be fairly relaxed about the situation, in spite of the row between Bonn and Paris over the slide of the French franc to the bottom of the system. The Bundesbank announced there will be no press conference after today's regular council meeting, and no change in major German interest rates is expected.

UK clearing bank base lending rate 11 per cent since October 15

In Brussels the Belgian National Bank raised its discount rate by ½ per cent to 8½ per cent. The rate for advances was also increased by ½ per cent to 8¾ per cent. The changes were made in response to tensions in the foreign exchange market, and Tuesday's rise in the three-month Treasury certificate rate to 7.90 per cent from 7.40.

In London three-month interbank rose slightly to 11⅛-11⅛ per cent from 11⅛-11 per cent.

The Bank of England initially forecast a money market shortage of £1,300m, but revised this to £1,200m at noon. Total help on the day was £1,175m.

An early round of assistance was offered, and at that time the authorities bought £63m bills outright, by way of £40m bank bills in band 1 at 10⅞ per cent; £16m bank bills in band 2 at 10⅞ per cent; and £7m bank bills in band 4 at 10⅞ per cent.

Before lunch the central bank purchased another £481m bills outright, through £69m bank bills in band 1 at 10⅞ per cent; £152m bank bills in band 2 at 10⅞ per cent; £8m Treasury bills in band 3 at 10⅞ per cent; £150m bank bills in band 3 at 10⅞ per cent; £22m Treasury bills in band 4 at 10⅞ per cent; and £76m bank bills in band 4 at 10⅞ per cent.

In the afternoon the Bank of England bought £471m bills, by way of £80m bank bills in band 1 at 10⅞ per cent; £138m bank bills in band 2 at 10⅞ per cent; £49m bank bills in band 3 at 10⅞ per cent; £20m Treasury bills in band 4 at 10⅞ per cent; and £202m bank bills in band 4 at 10⅞ per cent.

Late assistance of around £180m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £276m, with Exchequer transactions absorbing £865m; a rise in the note circulation £5m; and bank balances below target another £125m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 7) 3 months U.S. dollars — 6 months U.S. dollars

bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

			Treasury Bills and Bonds	
Prime rate	[illegible]		One month	[illegible]
Broker loan rate	[illegible]		Two month	[illegible]
Fed. funds	[illegible]		Three month	[illegible]
Fed. funds at intervention	[illegible]		Six month	[illegible]
			One year	[illegible]

Jan. 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.5
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–

LONDON MONEY RATES

Jan. 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 10⅞ per cent; three-months 10⅞ per cent; Bank Bills (sell): one-month 10⅞ per cent; three months 10⅞ per cent. Finance House Base Rates [illegible] ... cash 5½ per cent.

FINANCIAL FUTURES

Gilts and bonds steady

LONG TERM gilt futures closed little changed on the London International Financial Futures Exchange yesterday. The March contract opened firmer at 114-13, boosted by the early improvement of sterling on the foreign exchanges. News that the West German Bundesbank had intervened to support the dollar tended to depress March gilts, taking the contract down to a low of 113-29. Dealers commented that the market was dominated by news from the foreign exchanges, and by trading on the cash market in a new tap stock. There was reported to be chart support at 114-00, but that traders may be reluctant to take the contract up to 114-50, because this is the equivalent trading level of the Treasury 10 per cent 1991 tap stock. March delivery gilts traded between 114-00 and 114-08 for most of the day, and closed at 114-08, compared with 114-10 previously.

Three-month sterling deposits for March delivery also opened firm at 89.28, supported by the stronger pound, but met with selling from various traders, including Midland Bank and TSB. The contract fell from 89.30 to a low of 89.20, before closing at 89.23, compared with 89.26 on Tuesday.

US contracts showed little change, weakening in early trading, but improving on a rumour that a savings and loans institution in Denver, Colorado, had, or was about to be declared bankrupt. This increased hopes of easier US credit policy. News that the Federal Reserve had added liquidity to the New York banking system, through a generous five-day system repurchase agreement, came too late to influence Liffe, but boosted prices in Chicago. March US Treasury bonds opened on Liffe at 100-02, and touched 99-27, before finishing at 100-08, against 100-18.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
100	14.16	14.34	0.00	0.04
102	12.16	12.38	0.00	0.08
104	10.17	10.46	0.01	0.16
106	8.19	8.59	0.03	0.29
108	6.25	7.16	0.09	0.50
110	4.40	5.47	0.24	1.17
112	3.06	4.26	0.54	1.60
114	1.56	3.18	1.40	2.92

Estimated volume total, Calls 1,094 Puts 601
Previous day's open int. Calls 12,915 Puts 7,440

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	10.16	9.41	0.00	0.19
92	8.17	7.57	0.01	0.35
94	6.21	6.19	0.05	0.61
96	4.33	4.55	0.17	1.33
98	2.59	3.41	0.43	2.19
100	1.44	2.40	1.28	3.18
102	0.55	1.53	2.39	4.31
104	0.24	1.15	4.08	5.57

Estimated volume total, Calls 95 Puts 0
Previous day's open int. Calls 1,083 Puts 247

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Jan	Calls—Last Feb	Puts—Last Jan	Puts—Last Feb
15750	16.00	16.05	0.00	0.05
16000	13.50	13.63	0.00	0.13
16250	11.00	11.19	0.00	0.29
16500	8.51	9.07	0.01	0.57
16750	6.06	7.04	0.06	1.04
17000	3.80	5.25	0.30	1.75
17250	1.97	3.75	0.97	2.75
17500	0.80	2.55	2.30	4.05

Estimated volume total, Calls 85, Puts 18
Previous day's open int. Calls 228 Puts 62

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last				Puts—Last			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last				Puts—Last			June
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.65
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21.40

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last	Puts—Last
[illegible]	[illegible]	[illegible]

LIFFE—EUROROLLAR OPTIONS

Strike Price	Calls—Last	Puts—Last
[illegible]	[illegible]	[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT

	Close	High	Low	Prev.
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

10% NOTIONAL SHORT GILT

	Close	High	Low	Prev.
March	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH STERLING

	Close	High	Low	Prev.
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX

	Close	High	Low	Prev.
March	[illegible]	[illegible]	[illegible]	171.40
June	[illegible]	[illegible]	[illegible]	174.40

THREE-MONTH EURODOLLAR

	Close	High	Low	Prev.
March	[illegible]	[illegible]	[illegible]	94.08
June	[illegible]	[illegible]	[illegible]	94.04
Sept.	[illegible]	[illegible]	[illegible]	93.95
Dec.	[illegible]	[illegible]	[illegible]	93.76
March	[illegible]	[illegible]	[illegible]	93.48
June	[illegible]	[illegible]	[illegible]	93.16
Sept.	[illegible]	[illegible]	[illegible]	92.84

U.S. TREASURY BONDS

	Close	High	Low	Prev.
March	[illegible]	[illegible]	[illegible]	100.10
June	[illegible]	[illegible]	[illegible]	99-13

CURRENCY FUTURES

	Spot	1-mth.	3-mth.	6-mth.	12-mth.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.4071

	Latest	High	Low	Prev
Mar.	[illegible]	[illegible]	[illegible]	1.4655
June	[illegible]	[illegible]	[illegible]	1.4485
Sept.	[illegible]	[illegible]	[illegible]	1.4330

	Latest	High	Low	Prev
Mar.	[illegible]	[illegible]	[illegible]	1.4630
June	[illegible]	[illegible]	[illegible]	1.4465
Sept.	[illegible]	[illegible]	[illegible]	1.4310

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	94.80	94.82	94.74	94.77
June	94.82	94.86	94.77	94.79
Sept.	94.78	94.79	94.73	94.58
Dec.	94.62	94.82	—	94.58

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6196	0.6209	0.6176	0.6232
June	0.6226	0.6248	0.6210	0.6263
Sept.	0.6269	0.6269	0.6250	0.6299

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar.	[illegible]	[illegible]	[illegible]	0.6322
June	[illegible]	[illegible]	[illegible]	0.6348
Sept.	[illegible]	[illegible]	[illegible]	0.6379

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar.	[illegible]	[illegible]	[illegible]	0.5229
June	[illegible]	[illegible]	[illegible]	0.5245
Sept.	[illegible]	[illegible]	[illegible]	0.5261

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	[illegible]	[illegible]	[illegible]	94.03
June	[illegible]	[illegible]	[illegible]	94.03
Sept.	[illegible]	[illegible]	[illegible]	93.93
Dec.	93.74	93.74	93.72	93.73
Mar.	93.46	93.46	93.43	93.45
June	93.12	93.13	93.11	93.12
Sept.	92.77	92.78	92.77	92.77
Dec.	92.44	92.45	92.44	92.44

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar.	254.35	254.60	253.10	253.50
June	255.150	255.35	254.00	254.35
Dec.	256.700	257.00	255.70	256.50

Management Courses

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mat Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co.	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk.	11	Comm. Bk. N. East	11	Northern Bank Ltd.	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk.	11	Provincial Trust Ltd.	12
Associates Cap Corp.	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd.	11½	E. T. Trust	12	Roxburghe Guarantee	11½
Banco de Bilbao	11	Equatorial Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm.	11	First Nat. Fin. Corp.	11½	Trustee Savings Bank	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs.	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac Banking Corp	11
Banque Belge Ltd.	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambros Bank	11		
Beneficial Trust Ltd.	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd.	11		
Cayzer Ltd	11	Meghraj & Sons Ltd.	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

Because of computer problems figures for the European Options Exchange table were not available for this edition.

Company Notices

ENERGY SEARCH ONE N.V.

Notice of Extraordinary General Meeting of Shareholders

Notice is hereby given that an Extraordinary General Meeting of the Shareholders of Energy Search One N.V. hereinafter called "the Company," will be held at the Company's offices at John B. Gorsiraweg, 6, Willemstad, Curaçoa, Netherlands Antilles, on Thursday, 12th February, 1987, at 10.00 a.m. (Curaçoa time), for the following purposes:

1. To report on the condition of the Company;
2. To determine the number of Supervisory Board Members and to elect (an) additional Member(s);
3. To amend the Articles of Incorporation of the Company;
4. To approve a distribution to shareholders;
5. To determine a remuneration for the Supervisory Board;
6. Any other business which may properly come before the Meeting.

In order to exercise their rights at this meeting, holders of bearer shares must establish their ownership of such shares in a manner satisfactory to the Chairman of the Meeting. Such ownership may be established by depositing such shares at the office of the Company or at Pierson, Heldring & Pierson N.V. Herengracht 214 Amsterdam, The Netherlands for a certificate of deposit of these shares satisfactory to the Managing Director or to Pierson, Heldring & Pierson N.V. not later than 5th of February, 1987, and to produce proof thereof at the Meeting. The Managing Director has established 30th January, 1987 as the record date for the purpose of determining Shareholders entitled to vote registered shares at this Extraordinary General Meeting of Shareholders of the Company and Shareholders as of the close of business on 30th January 1987, shall be entitled to vote at such Meeting in person or by proxy. Information related to Item 3 of the agenda is available at the offices of the Company and Pierson, Heldring & Pierson N.V.

As the proposed amended Articles of Incorporation provide for the conversion of bearer shares into a registration in the shareholders register, holders of bearer shares are recommended to deposit their bearer shares at Pierson, Heldring & Pierson N.V. Herengracht 214, Amsterdam, in anticipation of their conversion.

CARIBBEAN MANAGEMENT COMPANY N.V.
Managing Director

Willemstad, Curaçoa
8th January, 1987

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	100	Exch 13pc 1987	100		—	—
100	97	Treas 10pcCv '87	99		10.25	10.66
99	92	Exch 2½pc 1987	97		2.52	8.63
101	97	Exch 10½pc 1987	99		10.57	10.72
99	93	Funding 6½pc 85-87	99		6.56	9.48
101	96	Treas 10pc 1987	99		10.03	10.80
97	90	Treas 3pc 1987	97		3.08	8.18
104	99	Treas 12pc 1987	100		11.89	10.73
99	92	Treas 7¾pc 1985-88‡‡	97		7.93	10.15
104	96	Exch 10½pc '88	99		10.53	10.69
102	95	Treas 9¾pc Cv '88	98		9.88	10.73
94	86	Transport 3pc '78-88	93		3.22	7.92
102	93	Treas 9½pc '88			9.69	10.72
107	98	Treas 11½pc 1989	101		11.34	10.67
103	93	Treas 9½pc Cnv 1989	97		9.74	10.73
92	82	Treas 5pc 1986-89			3.50	8.18
105	95	Treas 10½pc 1989	99		10.54	10.69
104	94	Exch 10pc 1989	98		10.15	10.72
107	97	Exch 11pc 1989	100		10.93	10.70
93	84	Treas 5pc 1986-89	89		5.58	9.35
110	94	Exch 10½pcCv '89	101		10.18	9.96
114	103	Treas 13pc 1990‡‡	105		12.28	10.73
108	97	Exch 11pc 1990‡‡	100		10.91	10.70
113	101	Exch 12½pc 1990	104		11.92	10.66

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
102	70	[illegible] 10p	78	.....	L2.44	2.6	4.4	12.0
70½	45	Mitchell Cotts	[illegible]	–½	1.5	2.1	3.2	17.1
120	81	Moss & Crane 10p	[illegible]	[illegible]	L2.7	2.9	3.6	13.0
325	210	Morgan Crucible	321	+8	10.5	1.5	3.7	21.3
25½	15½	Morris (W) F.A. 20p	17½	+1½	—	—	—	—
157	65	Myson Grp 10p	152	.....	12.63	2.6	2.4	19.6
365	215	NMW Computers	215	–1	16.0	3.0	3.9	12.4
141	27	Nash Inds	130	.....	1.5	♦	1.6	♦
27½	17½	Neill & Spencer 10p	17½	.....	—	—	—	—
39	28	Newman Inds 10p	[illegible]	–½	10.0	1.5	3.2	27.8
134	65	Noble & Lund 10p	[illegible]	+2	0.7	4.3	1.2	27.7
65	39	Norton	47	.....	1.2	2.9	3.6	13.5
150	96	Norank Systems 5p	128	.....	m1.5	—	1.7	15.8
286	187	Novo	254	+8	19.3	2.3	3.1	11.7
217	49	Nu-Swift 5p	217	.....	15.5	2.1	2.3	29.2
£35¼	£28	OCE 9pc Cnv 1987-92	£30⅞	.....	Q9%	—	12.8	—
118	80	Oakwood Grp	80	–2	‡5.0	1.3	‡	12.2
250	173	Office & Elect	178	+3	8.5	2.9	6.7	7.3
34	26	Osmitech 1p	31	.....	—	—	—	—
36	18	Optometrics $0.01	21	–2	—	—	—	—

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

"Recent Issues" and "Rights" Page 34 (International Edition Page 30)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 22	Jan 8	Jan 9	Jan 19
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16

* New time dealings may take place from 9.00 am two business days earlier.

Institutional demand takes equities to new peaks but Gilts tender disappoints

A sudden spate of institutional buying, which caught some marketmakers on the wrong foot, drove the London stock market ahead strongly yesterday, taking the FT-SE 100 index up by more than 30 points to a new peak.

Encouraged by the records established this week in the Tokyo and New York markets, British and overseas institutions bought strongly into the US pharmaceutical, chemical, building and financial share sectors.

The market rose sharply in early trading and had already challenged the peaks established last April before topping off briefly while traders waited for Wall Street to open. An early advance in New York sparked a final flourish of strength in London, and prices closed at the day's best levels, with gains in the most-favoured issues ranging from 35p to more than 50p.

The FT-SE 100 index closed 31.5 up at a new peak of 1,722.2. The previous record of 1,717.6 was reached on April 3 last year (1986). At 1,353.0 the FT ordinary index was 18.7 up.

The outstanding feature was Glaxo, which jumped to a new peak of £11½, as the US funds followed the lead shown by European and Japanese buyers a month ago. Turnover of 6.5m shares in Glaxo was nearly three times that of the previous session.

Also bounding ahead— sometimes challenging their peak levels – in response to vigorous institutional demand were Imperial Chemical Industries, Fisons, BAT Industries, an Tarmac.

The substantial gains in these leading stocks fuelled the strong gains in major market indices. But buying was well spread across the full range of the equity market.

While the bullish mood has clearly been swelling for several days, the marketmakers were caught out by the decision of the major funds to enter the market in the final week of a trading account extended to three weeks to cover the Christmas break.

Investment funds are traditionally highly liquid at the beginning of January, and managers are encouraged this year by the strength of other international markets, and by the perception that interest rates may be about to turn downwards.

However, interest rate optimism was not borne out by the gilt-edged market yesterday, where prices were little changed after a disappointing outcome to the tender for £1bn Treasury stock, dated 1994. Foreign investors failed to materialise at the tender, and the stock was undersubscribed.

Brown Shipley rise

Brown Shipley took the honours in a fairly buoyant merchant bank sector, rising 15 to 593p on speculative buying fuelled by talk that the UK Temperance and General Provident Institution's 6.5 per cent stake in the company had been sold to Kredietbank SA Luxembourgeoise, who already owns a 25.50 per cent shareholding in BS. Hill Samuel, meanwhile, followed Tuesday's gain of 18 with a fresh improvement of 5 to 433p following confirmation that NZI Corporation, a New Zealand insurance and financial services group, had acquired a 4.5 per cent stake in the company. Kleinwort Benson continued to reflect reports of a Far Eastern investor's increased interest in the shares and closed 2 higher at 547p, after 552p, while Mercury International were revitalised by a speculative leap of 12 at 376p. Vague rumours of a possible bid from Nomura Securities helped Morgan Grenfell recover a further 5 at 385p, while an investment recommendation pushed Chancery Securities up 5 at 146p. Hambros gained 4 at 259p and Schroders added 15 at 720p. The clearers were overshadowed by events elsewhere, but nevertheless took a firmer stance. Barclays, sold earlier in the week following the surprise news that Barclays de Zoete is advising clients to sell their shares in its clearing bank parent, rallied 5 at 508p. NatWest also put on 5 at 558p and Lloyds firmed 4 at 454p. Midland hardened a couple of pence at 605p.

Composites attracted renewed institutional support. Commercial Union put on 6 afresh at 287p and GRE firmed 6 at 799p, while improvements of 9 and 15 respectively were seen in General Accident, 839p and Sun Alliance, 678p. Lloyds brokers were also wanted. Hogg Robinson put on 11 at 374p.

Breweries continued to shrug off November's rather disappointing beer production figures to and displayed some noteworthy gains. Bass featured, rising 23 to 761p with 1m shares traded — a sizeable volume for the stock — amid feelings that the shares had been neglected recently; Wood Mackenzie issued a "buy" recommendation earlier in the week. Regionals highlighted J. A. Devenish, 18 up at 233p, benefited from fresh speculative demand; the 4.5 per cent Convertible rose 22 to 168p.

The Building sector displayed numerous bright features, mainly reflecting a squeeze on professional bear positions. Among the leaders, Blue Circle attracted good support on hopes of an eventual bid from Australia's Adelaide Steamship and closed 13 higher at 713p Buyers returned for Tarmac, up 14 at 444p and BPB Industries, the same amount higher at 558p. Press comment and reports of a broker's circular encouraged demand for Redland which gained 12 to 417p. George Wimpey revived strongly at 190p, up 10, while Costain firmed 9 to 510p and AMEC gained 8 to 284p Countryside Properties touched 486p on the better-than-expected annual results and confident statement prior to closing 2 dearer at 480p. Helical Bar jumped a further 25 to 488p reflecting fresh traditional option activity and the announcement that Prampton & Co. of Hong Kong had increased its holding to 10.7 per cent. Dealings in Feb International and the A shares were suspended at 108p and 78p respectively pending an announcement.

ICI led the Chemical sector higher, renewed domestic and US demand lifting the price to 1129p, a net gain of 35p. Wardle Storeys firmed 5 to 390p ahead of today's annual results.

Leading retailers failed to participate in the general euphoria. Woolworth rallied 5 to 703p and Dixons moved up 3 at 325p, but others traded narrowly around overnight levels. Elsewhere, Coats Viyella, still responding to a recent circular, jumped 19 to 490p as investors found stock in short supply. Goldsmiths touched 270p before closing 4 dearer on balance at 266p following the agreed, increased bid terms from Oriflame. John Menzies gained 10 at 332p and Mrs Field added 6 at 134p.

Plessey wanted

Plessey revived strongly as institutional support pushed the shares up 10 to 191p with 12m shares changing hands during the course of an eventful session; the company will be a major beneficiary of the Governments recent controversial decision to purchase the American Boeing AWAC system. Cable and Wireless were also favoured and closed 15 higher at 343m, while BICC continued a firm market at 280p, up 4. Elsewhere, Tenby Industries, 60 per cent owned by BSR, featured with a leap of 33 to 208p on news that the company had received a bid approach. BSR, meanwhile, still reflecting the management buy-out of its Capetronic subsidiary, firmed 4 more at 96p. Stone International gained 7 at 114p following the interim figures, while speculative gains of 17 and 27 respectively were seen in International Signal and Control, 257p, and Bowthorpe, 591p.

The Engineering sector, currently favoured by Chase Manhattan Securities for its recovery prospects and the benefits of sterling's decline in 1986, encountered some good selective buying interest. Glynwed were prominent at 329p, up 13, while Carclo responded afresh to the interim results with a further gain of 15 at 464p. Bid speculation persisted in Baker Perkins, up 16 more at 263p. TI Group rose 10 to 499p and VSEL were similarly dearer at 221p. The new board appointments continued to stimulate buying of Stothert and Pitt which moved up 19 further to 112p. Simon closed 3 better at 308p following the profits and dividend forecast contained in its defence document against the Valuedale bid.

Leading Food Retailers took a distinct turn for the better and were led higher by ASDA-MFI which closed 4 better at 161p; the interim results are due next Wednesday. Kwik Save, overlooked of late, revived with a gain of 8 at 251p, while Tesco picked up 4 at 399p. Manufacturers contributed little, although Rowntree Mackintosh, reflecting the firmer trend, rose 8 to 415p.

Trusthouse Forte provided the outstanding movement in the Hotel sector, rising 5 to 185p, after 186½p; the annual results, are expected next Thursday. Grand Metropolitan edged up 3½ to 454p and Ladbroke firmed 5 to 389p.

Glaxo feature again

Pharmaceutical issues again provided the main source of interest in the miscellaneous industrial issues. Among the international stocks, Glaxo featured with a further rise of ⅜ to £11½, partly reflecting overnight US buying, while Wellcome added 20 to 265p. Fisons moved ahead strongly in a relatively lively trade (3.2m) and closed 26 to the good at 561p. Reckitt and Colman rose 16 to 894p and Smith and Nephew closed 5 to the good at 130p in a volume of 9.1m shares. Pilkington, awaiting further BTR bid developments, hardened a shade to 638p; the latter were briskly traded (4.3m) and closed 11 dearer at 284p. Renewed buying on property development potential took Associated British Ports up further to 355p before profit-taking clipped the gain to 10 on the day at 348p. Restmor rose 10 to 150p and rises of 12 were recorded in BSS 256p, and Parker Knoll, 487p. Bid hopes prompted fresh support for High Point Services, which advanced 15 further to 180p.

Top-quality Motor stocks were relegated as Distributors took the honours. Caffyns surged higher when a flurry of speculative interest caught marketmakers on the hop and the shares touched 280p before settling a net 14 higher at 275p. BSG were well supported and rose 3½ to 58p, while Lex Service pulled out of a period of weakness to end 12 better at 294p. H. & J. Quick continued their advance and finally made a new 1986-87 peak of 182p, up 6.

DRG led Paper/Printings higher with a rise of 13 further to 327p. Bunzl were also favoured and put on 5 to 221p while Clondalkin gained 23 to 488p and John Waddington rallied 5 to 195p. United were the outstanding performer in Newspapers, closing sharply higher at 405p, up 27p. Associated were more settled at 404p awaiting today's annual results. Valin Pollen reacted 15 to 165p despite another year of record growth.

Interest in Properties centred on development concerns. Recently-overlooked London and Edinburgh moved up 20 to 535p, while Rosehaugh, reflecting renwed interest in the City Broadgate development, advanced 20 to 640p.

British and Commonwealth attracted the lion's share of the business in the Shipping sector and rose to 330p before closing 16 up on balance at 328p. Associate Caledonia Investments gained 9 to 297p while recently-acquired Exco International jumped 9 to 290p.

Institutional activity boosted Textile leader Courtaulds 9 to 323p during a turnover of 2.2m shares. John Crowther also enjoyed brisker trading and gained 6 to 159p while Robert H. Lowe spurted 9 to 160p ahead of Monday's preliminary statement. Early's of Witney resumed their end-year advance in the absence of any further profit-taking, rising 5 to 166p, but end-Account selling brought Victoria Carpets back 8 to 128p.

A combination of domestic and US support saw BAT Industries emerge strongly from a lean spell and the shares jumped 21 to 483p.

Mercantile House rebounded to 390p before ending 8 higher on the session at 388p but other Financials were much quieter. MAI picked up 5 further to 465p, while fresh demand in a narrow market lifted J. T. Parrish 15 to 395p.

Oils higher

The oil majors made steady progress. British Petroleum shrugged aside reports of a chart sell signal to close 11 higher at 740p, while Shell moved up 16 to 1008p. Ultramar revived strongly at 170p, up 9, and Burmah put on 9 to 401p, the latter reflecting re-rating suggestions.

The dual features of Overseas Traders were again Inchcape and Harrisons and Crosfield. Bob Carpenter, sector analyst at Kitcat and Aitken, reckons that 1987 will be a year of growth for Inchcape and that potential takeover and asset situation Harrisons and Crosfield deserves a higher rating: the former gained 8 more to 533p while the latter rose 14 to 487p.

South African mines, having opened the month in extremely good form, traded in much more subdued fashion. Bullion's inability to break out of its current trading range—the metal, fixed at $399.5 during the morning, later staged a slight rally amid US demand to settle only $1 off on balance at $400 an ounce—coupled with the Financial Rand's relatively firm performance against the dollar effectively choked off recent enthusiasm for Golds from Johannesburg. Continental sources, also sizable buyers of top-quality producers of late, showed little inclination to add to their present positions and the share market consequently closed no better than mixed.

South African Financials, however, retained a firm profile. Fresh consideration of the welcome upturn in the CSO's rough diamond sales last year prompted another lively turnover in De Beers, which touched 544p before settling at 540p—a net rise of 8 on the day and 27 over the past two trading sessions. London-domiciled Financials also found renewed favour. Consolidated Gold Fields, again in receipt of a sizable traded option business, advanced 10 more to 703p as stake-building speculation persisted. Greenwich Resources, a New Year investment recommendation, put on a few pence to 159p.

Fresh speculation in BHP resulted in yet another firm display by overnight Sydney and Melbourne markets. BHP advanced a few pence to 416p reflecting hopes that either John Elliot or Robert Holmes a Court is set to increase their holdings.

Traded Options

The buoyant performance of equities stimulated active conditions in Traded Options. Total contracts struck amounted to just over 40,000 with operators continuing to display enthusiasm throughout the list. British Gas and Hanson Trust attracted over 4,000 calls apiece.

Traditional Options

- First dealings
  Jan 5 Jan 19 Feb 2
- Last dealings
  Jan 16 Jan 30 Feb 13
- Last declaration
  Apr 2 Apr 23 May 7
- For Settlement
  Apr 13 May 5 May 18

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Jack L. Israel, Stewart Nairn, Ryan International, Ward White, Skyline, North Kalgurli, Clyde Petroleum, Amstrad, Fairline Boats, Burtonwood, Peek, Camford Engineering, Thomas Marshall (Loxley), ASDA-MFI, Datron International, United Guarantee, Rex Williams Leisure, Barratt Developments, Reed Executive, Irish Distillers, Bardsey, Campari, Conroy, Swan Resources and Acatos and Hutcheson. No puts were reported, but doubles were taken out in Peek, Ryan International and Stewart Nairn.

FINANCIAL TIMES STOCK INDICES

	Jan. 7	Jan. 6	Jan. 5	Jan. 2	Dec. 31	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	84.57	84.49	84.66	84.76	83.62	81.56	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.74	90.83	90.42	90.23	89.72	87.98	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,353.0	1,334.3	1,322.8	1,320.2	1,313.9	1,123.8	1,425.9 (3/4/86)	1,094.3 (14/1/86)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	316.3	315.6	308.9	304.1	288.9	286.6	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.22	4.29	4.35	4.36	4.38	4.41				
Earnings Yld.%(full)	9.99	10.16	10.29	10.33	10.36	10.96				
P/E Ratio (net) (*)	12.29	12.08	11.93	11.88	11.84	11.26				
SEAQ Bargains (5 pm)	35,831	34,339	34,376	19,640	22,524	—				
Equity Turnover (£m)	—	1,326.57	857.54	520.58	498.96	537.47				
Equity Bargains	—	45,467	41,288	37,993	32,172	23,031				
Shares Traded (ml)	—	484.4	335.1	220.8	277.8	245.8				

S.E. ACTIVITY

Indices	Jan. 6	Jan. 5
Gilt Edged Bargains	138.6	139.4
Equity Bargains	294.6	267.5
Equity Value	2681.3	1733.3
5-Day Average		
Gilt Edged Bargains	110.8	103.0
Equity Bargains	249.7	231.8
Equity Value	1465.1	1232.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1335.6	1343.4	1350.8	1345.5	1347.3	1352.5	1350.9	1353.0

Day's High 1354.9. Day's Low 1335.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.84.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986/87

NEW HIGHS (256)

BRITISH FUNDS (3), AMERICANS (1), BANKS (9), BREWERS (2), BUILDINGS (22), CHEMICALS (9), STORES (12), ELECTRICALS (11), ENGINEERING (8), FOODS (8), HOTELS (3), INDUSTRIALS (27), INSURANCE (5), LEISURE (8), MOTORS (4), NEWSPAPERS (4), PAPER (7), PROPERTY (10), TEXTILES (1), TOBACCOS (1), TRUSTS (61), OILS (8), OVERSEAS TRADERS (3), MINES (9).

NEW LOWS (13)

CHEMICALS (1) Ashley (Laura). ELECTRICALS (1) Datron Intnl. FOODS (1) Cranswick Mill. INDUSTRIALS (5) Ashley Ind Tst, Dominion Intnl, Huntleigh Tech, NMW Computers, TSL Thermal Syndicate. INSURANCE (1) Alexander & Alexander. PAPER (1) Fitch. TRUSTS (2) Ind Fin & Inv Cpn, Smith New Court.

FT-ACTUARIES INDICES

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Wednesday January 7 1987.

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues Jan 6 Index No.	Mon Jan 5 Index No.	Fri Jan 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	718.30	+1.8	8.69	3.63	14.56	0.00	705.37	701.20	699.28	581.44
2	Building Materials (27)	884.54	+2.1	8.58	3.48	14.67	0.00	866.68	860.39	864.46	624.47
3	Contracting, Construction (29)	1216.02	+1.7	7.74	3.82	17.75	0.00	1195.45	1191.04	1186.84	930.15
4	Electricals (12)	1823.28	+1.6	8.26	4.62	15.53	0.00	1795.32	1794.27	1777.54	1564.29
5	Electronics (38)	1592.04	+1.4	8.98	2.59	14.77	0.00	1570.79	1568.46	1561.29	1465.00
6	Mechanical Engineering (61)	404.73	+1.4	9.83	4.09	12.95	0.00	399.11	395.84	395.14	327.94
8	Metals and Metal Forming (7)	368.73	+2.2	9.91	4.03	12.25	0.00	360.68	358.77	359.53	246.96
9	Motors (15)	282.45	+2.1	9.79	3.72	11.78	0.00	276.59	274.28	272.83	215.70
10	Other Industrial Materials (21)	1229.89	+2.6	7.19	4.47	16.49	0.00	1198.50	1186.82	1179.19	1020.56
21	CONSUMER GROUP (184)	976.97	+1.7	7.48	3.22	17.17	0.00	960.57	955.80	954.60	756.57
22	Brewers and Distillers (22)	954.03	+1.0	8.91	3.63	14.09	0.00	944.98	939.29	947.17	782.36
25	Food Manufacturing (25)	742.59	+0.4	9.02	3.78	14.53	0.00	739.97	740.31	741.18	570.59
26	Food Retailing (16)	1912.77	+1.4	6.90	2.80	20.17	0.00	1886.82	1883.74	1882.69	1747.31
27	Health and Household Products (10)	1765.59	+4.3	5.38	2.15	21.55	0.00	1692.29	1648.57	1645.70	1209.34
29	Leisure (29)	1011.28	+1.4	7.42	4.01	17.62	0.00	997.27	993.65	992.99	764.91
31	Packaging & Paper (14)	511.25	+2.1	6.69	3.26	19.36	0.00	500.57	497.19	493.40	368.93
32	Publishing & Printing (14)	2848.08	+3.1	6.84	4.00	18.84	0.00	2762.58	2751.58	2732.39	1860.68
34	Stores (37)	842.30	+0.6	7.57	3.19	17.95	0.00	837.55	843.81	839.43	723.03
35	Textiles (17)	567.61	+2.8	9.30	3.62	12.38	0.00	552.06	550.64	543.52	386.32
40	OTHER GROUPS (88)	843.98	+2.6	9.07	3.94	13.71	0.00	822.58	815.89	818.16	716.06
41	Agencies (17)	1145.35	+0.8	5.13	1.92	26.57	0.00	1135.84	1126.06	1111.16	0.0
42	Chemicals (21)	1055.56	+2.6	8.40	4.15	14.51	0.00	1029.26	1011.71	1002.01	747.01
43	Conglomerates (13)	1152.02	+3.0	7.50	3.79	15.82	0.00	1118.98	1115.17	1112.14	0.0
45	Shipping and Transport (11)	1612.73	+1.0	7.57	4.67	16.42	0.00	1597.41	1578.54	1567.77	1338.94
47	Telephone Networks (2)	862.43	+2.6	10.85	4.47	12.57	0.00	840.82	837.15	853.93	884.77
48	Miscellaneous (24)	1148.80	+3.6	10.43	3.60	10.81	0.00	1109.11	1101.37	1105.66	888.36
49	INDUSTRIAL GROUP (482)	884.95	+2.0	8.22	3.52	15.41	0.00	867.74	862.47	862.02	708.29
51	Oil & Gas (18)	1534.40	+1.4	11.10	5.90	11.39	0.00	1512.68	1505.69	1505.86	1127.73
59	500 SHARE INDEX (500)	939.90	+1.9	8.64	3.86	14.66	0.00	922.34	916.94	916.54	744.34
61	FINANCIAL GROUP (118)	629.43	+0.9	—	4.53	—	0.00	623.78	620.76	617.80	522.07
62	Banks (8)	695.17	+0.8	18.15	5.28	7.56	0.00	689.80	691.43	692.30	529.85
65	Insurance (Life) (9)	885.52	+0.8	—	4.38	—	0.00	878.47	875.35	874.44	804.66
66	Insurance (Composite) (7)	472.92	+1.1	—	4.59	—	0.00	467.82	461.78	458.29	414.89
67	Insurance (Brokers) (9)	1164.86	+0.9	8.20	4.55	15.86	0.00	1154.57	1147.68	1138.69	1215.33
68	Merchant Banks (11)	363.37	+1.5	—	4.01	—	0.00	357.93	350.96	346.05	285.45
69	Property (48)	813.37	+0.3	5.99	3.62	21.73	0.00	811.32	805.82	809.91	665.83
70	Other Financial (25)	389.88	+2.0	7.85	3.90	16.07	0.00	382.26	380.52	365.01	293.15
71	Investment Trusts (97)	887.20	+0.6	—	2.59	—	0.00	881.53	876.44	867.57	649.77
81	Mining Finance (2)	348.67	+1.0	8.96	4.60	13.12	0.00	345.22	342.16	341.86	246.70
91	Overseas Traders (12)	798.03	+1.1	10.03	5.68	12.08	0.00	789.01	779.53	778.26	618.96
99	ALL-SHARE INDEX (729)	856.67	+1.7	—	3.94	—	0.00	842.58	837.72	836.40	680.04

	Index No.	Day's Change	Day's High	Day's Low	Jan 6	Jan 5	Jan 2	Dec 31	Dec 30	Year ago
FT-SE 100 SHARE INDEX ♦	1722.2	+31.5	1722.2	1692.8	1690.7	1680.0	1681.1	1679.0	1673.1	1404.2

FIXED INTEREST

	PRICE INDICES	Wed Jan 7	Day's change %	Tues Jan 6	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	119.88	+0.06	119.81	—	0.40
2	5-15 years	133.95	+0.14	133.77	—	0.08
3	Over 15 years	141.06	+0.25	140.71	—	0.00
4	Irredeemables	152.51	+0.11	152.34	—	0.00
5	All stocks	131.52	+0.13	131.35	—	0.18
	Index-Linked					
6	5 years	116.10	+0.07	116.02	—	0.00
7	Over 5 years	112.93	+0.09	112.82	—	0.00
8	All stocks	113.41	+0.09	113.31	—	0.00
9	Debentures & Loans	114.65	−0.02	114.67	—	0.00
10	Preference	79.36	−0.01	79.38	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 7	Tues Jan 6	Year ago (approx.)
	British Government				
1	Low	5 years	9.66	9.67	9.94
2	Coupons	15 years	9.91	9.96	10.41
3		25 years	9.91	9.96	10.41
4	Medium	5 years	10.58	10.58	11.63
5	Coupons	15 years	10.22	10.24	10.85
6		25 years	9.99	10.02	10.47
7	High	5 years	10.65	10.66	11.72
8	Coupons	15 years	10.38	10.41	11.04
9		25 years	10.04	10.08	10.58
10	Irredeemables †		9.85	9.87	10.15
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.77	3.88	0.0
12	Inflat'n rate 5%	Over 5 yrs	3.80	3.80	0.0
13	Inflat'n rate 10%	5 yrs	2.28	2.31	0.0
14	Inflat'n rate 10%	Over 5 yrs	3.64	3.64	0.0
15	Debs &	5 years	11.11	11.11	12.05
16	Loans	15 years	11.12	11.11	11.62
17		25 years	11.11	11.11	11.60
18	Preference †		11.78	11.78	12.01

♦Opening index 1692.8; 10 am 1700.7; 11 am 1709.7; Noon 1704.8; 1 pm 1707.1; 2 pm 1713.9; 3 pm 1712.4; 3.30 pm 1713.4; 4 pm 1714.4.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	7,600	161	+4	Ladbroke	547	389	+5
Allied Lyons	5,500	341	+5	Land Securities	569	344	−1
BAT	7,800	483	+21	Legal & Gen.	2,500	263	—
BET	529	450	+5	Lloyds Bnk	1,100	453	+3
BOC	3,100	393	+9	Lonrho	1,200	247	—
BTR	4,300	284	+11	Marks & Spncr	2,300	202	+2
Barclays	640	508	+5	Midland Bank	1,200	605	+2
Bass	1,000	761	+23	NatWest Bank	2,000	558	+5
Beecham	3,000	453	+6	Pearson	866	604	+2
Blue Circle	1,300	713	+25	P & O	1,600	533	+3
Boots	5,100	242	+3	Pilkington Bros	2,000	638	+3
Brit. Aero	1,300	524	+8	Plessey	12,000	191	+10
Brit. Gas	72,000	65½	+1¼	Prudential	1,600	806	+6
Britoil	1,300	171½	+1	Racal	4,000	189	—
BP	3,600	740	+11	Rank Org	2,200	539	+14
Brit. Telecom	6,600	216	+4	Reckitt & Col	535	894	+16
Burton	1,900	283	−1	Reuters	298	565	+1
Cable & Wire	9,900	345	+17	RTZ	445	703	+5
Cadbury Schwps	2,000	189	+1	Rowntree Mac	1,100	415	+8
Coats Viyella	1,900	490	+19	Royal Insurance	803	856	—
Comm. Union	4,700	287	+6	STC	5,800	178	+1
Cons. Gold	1,500	703	+10	Sainsbury	897	425	+4½
Courtaulds	2,200	323	+9	Sears	5,300	123	+½
Dee Corp	3,200	220	+3	Sedgwick	503	320	+4
Dixons Grp	1,300	325	+3	Shell Trans	2,400	£10⅛	+⅛
Fisons	3,200	561	+26	Smith & Nephew	9,100	130	+5½
Gen. Accident	686	839	+9	Standard Chart	188	792	−1
Gen. Elect.	8,000	191	+1	Storehouse	800	280	−3
Glaxo	6,500	£11½	+⅜	Sun Alliance	1,300	678	+15
Grand Met	3,200	454	+3½	TSB	3,800	76	+½
Gus "A"	275	£10⅛	—	Tesco	1,300	399	+4
Guardian R.E.	386	799	+6	Thorn EMI	2,000	492	+7
GKN	945	282	+6	Trafalgar House	3,800	267	+8
Guinness	3,100	292	−3	T'house Forte	6,400	185	+5
Hanson Trust	14,000	199	+8½	Unilever	183	£21¼	−⅛
Hawker Sidd	1,600	483	+6	United Biscuits	3,500	253	+2
ICI	3,800	£11⅝	+⅜	Wellcome	6,500	265	+20
Jaguar	1,600	562	+5	Woolworth	2,300	703	+5

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	23	27
Corporations, Dominion and Foreign Bonds	0	0	71
Industrials	638	299	589
Financial and Properties	248	91	243
Oils	42	18	53
Plantations	1	1	12
Mines	64	41	79
Others	95	47	60
Totals	1,151	520	1,134

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

FINLAND

SWITZERLAND

JAPAN

SINGAPORE

FRANCE

NETHERLANDS

AUSTRALIA

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices January 7

MONTREAL

Closing prices January 7

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

TORONTO

** Saturday January 3: Japan Nikkei (c). TSE (c). Base value of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors 10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

TOKYO — Most Active Stocks

Wednesday, Jan 7, 1987

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Navistar	2,482,000	5⅝	+ ⅛	Union Carb	1,851,500	24⅝	+ ⅞
Boeing	2,393,400	50⅜	− ⅛	Cons Ed	1,586,000	38	+ ⅛
ATT	2,150,500	25⅜	+ ⅛	Dia Sham	1,447,100	14½	+ 1⅛
Anheuser	1,741,100	28	+ ⅞	Bellsouth	1,382,200	60	+ ½
Bal Purina	1,601,100	76	− ½	IBM	1,338,700	122⅝	− ⅜

Advances 1,117 Declines 508

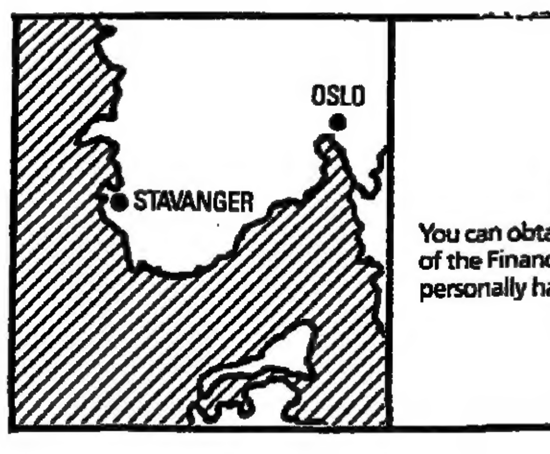
LONDON

Chief price changes (in pence unless otherwise indicated)

RISES		
Allied-Lyons	341	+ 5
BAT Inds.	483	+21
Bass	761	+23
Blue Circle	713	+25
Bowthorpe	591	+27
Brit. & Cmnwlth	328	+16
Caffyns	275	+14
Carclo Eng.	464	+15
Coats Viyella	490	+19
Comm Union	287	+ 6
Courtaulds	323	+ 9
DRG	327	+13
Devenish (J. A.)	233	+18
Exco Intl.	290	+ 9
Fisons	561	+26
Glaxo	£11½	+ ⅝
Helical Bar	488	+25
ICI	£11⁹⁄₁₆	+ ⅜
Lex Service	294	+12
Mercant House	388	+ 8
Mercury Intl.	130	+ 6
More O'Ferrall	140	+15
Plessey	191	+10
Tarmac	444	+14
Tenby Inds.	208	+33
Trust Forte	185	+ 5
United News	405	+27
Wellcome	285	+20
FALLS		
Valin Pollen	165	−15
Vic Carpets	128	− 8

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 33



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29 1/2	17	AAR	s	.44	1.7	19	449	25 1/4	24 7/8	25 1/4	+ 3/4
30	21 3/4	ADT		.92	3.1		572	29 7/8	29	29 1/2	+ 5/8
33	16 3/4	AFG	s	.12b	4	15	354	30 3/4	30 1/4	30 3/4	+ 3/8
31	16 3/4	AGS				20	324	u32	30 3/4	31 1/4	+ 1/4
15	6 3/4	AMCA					30	7 1/4	7 1/4	7 1/4	+ 1/8
62 7/8	39 1/4	AMR				13	6891	57 1/8	56 1/4	56 5/8	− 5/8
16 1/2	10	ARX		.71t	5.8	12	120	12 1/2	12 1/4	12 1/4	− 1/4
41 1/2	29 3/4	ASA		2a	5.4		231	37 1/2	37 1/8	37 1/4	− 1/4
18 3/8	9 3/4	AVX			2.6		349	12 1/4	11 5/8	12 1/8	+ 3/4
32	28	AZP		2.72	8.7	9	3149	31 1/4	30 7/8	31 1/8	+ 1
65	31 5/8	AbtLb	s	.84	1.7	22	3940	49 7/8	48 1/4	48 3/4	+ 1/2
32	25	AccoWd .56			2.1	17	619	26 1/4	26	26 1/8	− 1/4
14 7/8	9	AcmeC .40			3.6		48	11 1/4	10 7/8	11	− 1/4
9 1/4	6 1/8	AcmeE .32b			4.4	19	49	7 3/8	7 1/8	7 1/4	
23 7/8	17 1/2	AdaEx 4.45e			22.		151	20 3/4	20 1/2	20 5/8	+ 1/4
15 5/8	9 3/4	Admiral s					31	15	14 3/4	15	+ 1/2
20 3/8	12 7/8	AdvSys .62t			3.4	16	167	18 1/8	17 7/8	18	+ 1/4
32 7/8	12 7/8	AMD					5408	14 5/8	14 1/8	14 1/2	+ 3/8
12 5/8	5 1/4	Adobe					1957	7 1/2	7 1/8	7 3/8	+ 1/4
18 3/8	13 3/4	Adob	pf 1.84		11.		9	16 1/2	16 1/4	16 1/2	
20 1/4	16 5/8	Adob	pf 2.40		13.		106	18 3/4	18 1/2	18 1/2	
18 5/8	11 1/8	Advest .12a			.9	10	271	13 1/4	12 1/2	13 1/4	+ 1/2
[illegible]											

Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

[illegible]

12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close	Chng
58¼	54	Xerox pf5.45	9.8	1526	55⅞	55⅝	55½	
28¾	21⅞	XTRA .64	2.3	311	27⅝	27	27⅝	+⅜
18¾	13½	Yorkin n		145	18	17½	18	+⅜
50¼	28½	ZaleCp 1.40	2.8	21	49¾	49½	49½	−¼
39½	29⅞	Zale pfA .80	2.0	2	39¾	39¼	39¼	−¼
8⅞	2¼	Zapata		257	3⅝	3¼	3⅜	+⅛
49⅞	20⅝	Zayre s .32	1.3 16	1142	25⅝	25½	25½	−¼
17	9¾	Zemex .40	3.1 20	11	13⅛	12⅞	12⅞	
29⅞	17⅞	ZenithE		3543	24½	23⅝	24⅜	+⅞
18¼	8	ZenLb s	55	714	9⅛	8⅞	8⅞	−¼
22⅝	12⅝	Zero s .29	1.9 16	231	15⅝	15¼	15⅝	+⅛
45¾	32¾	Zurnln 1.32	3.3 16	51	40⅛	39⅞	40⅛	+⅛
10⅝	8⅝	Zweig n.10e	1.0	711	10	9⅝	9⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

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OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 31

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Continued on Page 31

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Concerted surge to new peaks

FALTERING two points shy of its second millenium, the Dow Jones industrial average enjoyed another robust rise yesterday in heavy Wall Street trading, writes *Roderick Oram in New York.*

Credit markets opened on a mixed note but prices picked up during the afternoon in another quiet trading session.

The Dow closed up 19.12 at 1,993.95, setting a record for the third day in a row. It had backed away, however, from its next major threshold moments before the end of trading.

Stocks had begun the day on a negative note as profit taking made the Dow dip below the previous day's close. It recovered steadily during the morning with the advance reflected in the broader indices.

Having lagged behind the Dow in setting records this week, both the New York Stock Exchange composite index and Standard & Poor's 500 closed above their old peaks, up 1.62 to 146.63 and up 2.56 to 255.33 respectively.

NYSE trading volume remained heavy at 190.9m shares with advancing issues topping those declining by a margin of three-to-one. Strong advances were also shown in the secondary markets which had risen far less than the Big Board last year.

Among blue chips, Aluminum Company of America gained $⅝ to $36¾. General Electric rose $1½ to $91, International Business Machines edged up $⅛ to $123½, 3M gained $⅝ to $120¾, Procter and Gamble rose $⅛ to $79 and United Technologies advanced $½ to $48¼.

Whether the market can hold over 2,000 is widely debated. Recent strength, attributed to seasonal factors and a bounce back from the heavy tax-related selling in December, may not be sufficient to sustain the advance for long.

In yesterday's trading, Diamond Shamrock gained $1⅛ to $14½ after Mr T. Boone Pickens renewed his bid for the oil company with an offer to buy up to 20m shares at $15 each. Mr Pickens' corporate vehicle, Mesa Limited Partnerships, was unchanged at $16⅝.

Airborne Freight jumped $1⅛ to $32¼ after TNT disclosed that it had lifted its stake in Airborne to 17.6 per cent. The airfreight company rejected a $29 a share offer from TNT in November.

Boeing, down $¼ to $50¾, was the most actively traded NYSE stock as it added to its losses suffered on Tuesday after an analyst cuts his earnings' forecast.

Texas Air gained $⅛ to $37½. One of its subsidiaries, People's Express, announced a steep loss in December traffic. Some airline stocks were weaker yesterday as oil prices coninued to drift upwards. AMR slipped $⅝ to $56⅝, and NWA lost $¼ to $63¾ and UAL was off $¾ at $54¼ while Delta Air Lines was unchanged at $49¾ and USAir gained $¼ to $37¼.

Oil companies were mixed. Exxon slipped $⅛ to $73¾, Texaco was unchanged at $37¾, Chevron advanced $⅝ to $47½ and Standard Oil rose $½ to $52½.

Time Inc. jumped $2½ to $73½. Merrill Lynch's media analyst upgraded his recommendation on the stock to buy from neutral on the basis of higher earnings forecasts.

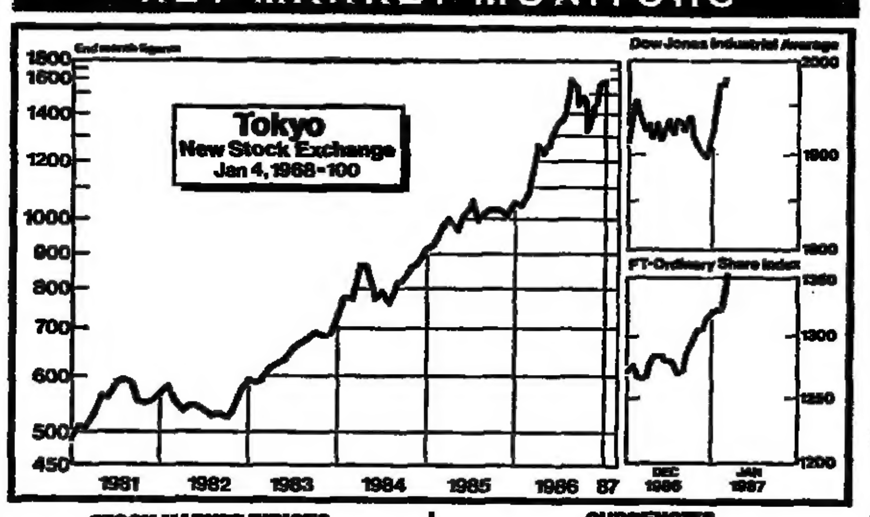
Credits markets continued quiet yesterday with prices mixed in the morning but firming up in the afternoon. The 7.50 per cent benchmark Treasury long bond gained ⅛ to 102¼ at which it yielded 7.33 per cent.

Three-month Treasury bills lost five basis points to 5.42 per cent while six-month bills edged down one basis point to 5.47 per cent and year bills slipped two basis points to 5.46 per cent.

The Fed Funds rate continued to ease to the 6 1/16 per cent level by early afternoon. The Federal Reserve supplied liquidity with five-day system repurchase agreements when the Fed funds rate stood at 6 3/16 per cent.

Some analysts are beginning to get a little edgy about the employment figures due out on Friday believing the number of new jobs created in December might be higher than earlier forecast. A rise of about 300,000 jobs would be seen as a sign of stronger economic growth which in turn would put downward pressure on bond prices.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 7	Previous	Year ago
DJ Industrials	1,993.95	1,974.83	1,565.71
DJ Transport	842.42	841.93	706.79
DJ Utilities	216.37	213.78	179.06
S&P Composite	255.23	252.78	213.80
LONDON			
FT Ord	1,353.0	1,334.3	1,123.8
FT-SE 100	1,722.2	1,690.7	1,415.2
FT-A All-share	856.67	842.98	842.58
FT-A 500	939.90	922.34	922.34
FT Gold mines	316.3	315.6	286.8
FT-A Long gilt	10.04	10.08	10.58
TOKYO			
Nikkei	18,842.37	18,936.76	12,991.2
Tokyo SE	1,587.54	1,593.62	1,033.47
AUSTRALIA			
All Ord.	1,534.1	1,523.1	1,032.4
Metals & Mins.	754.8	747.1	507.9
AUSTRIA			
Credit Aktien	227.87	(c)	251.760
BELGIUM			
Belgian SE	4,006.40	4,017.57	2,810.34
CANADA			
Toronto			
Metals & Minls	2,058.70	2,048.7	2,119
Composite	3,155.90	3,120.7	2,888.6
Montreal			
Portfolio	1,584.93	1,566.16	140.91
DENMARK			
SE	192.33	–	236.48
FRANCE			
CAC Gen	405.50	404.50	278.5
Ind. Tendance	102.60	102.40	167.5
WEST GERMANY			
FAZ-Aktien	669.86	676.84	677.82
Commerzbank	2,029.00	2,048.30	2,029.8
HONG KONG			
Hang Seng	2,607.11	2,583.87	1,815.53
ITALY			
Banca Comm.	728.73	(c)	457.83
NETHERLANDS			
ANP-CBS Gen	278.80	279.90	102.4
ANP-CBS Ind	272.10	274.60	248.0
NORWAY			
Oslo SE	366.94	369.10	397.05
SINGAPORE			
Straits Times	893.25	890.07	630.48
SOUTH AFRICA	**Jan 7**	**Prev**	**Year Ago**
JSE Golds	—	2,066.0	1,231.8
JSE Industrials	—	1,431.0	1,100.7
SPAIN			
Madrid SE	217.39	(c)	101.78
SWEDEN			
J & P	2,458.08	(c)	1,883.76
SWITZERLAND			
Swiss Bank Ind	598.30	603.30	612.3
WORLD	**Jan 6**	**Previous**	**Year ago**
MS Capital Int'l	368.20	365.0	259.0

COMMODITIES

(London)	Jan 7	Prev
Silver (spot fixing)	364.75p	365.85p
Copper (cash)	£919.75	£918.25
Coffee (March)	£1,655.50	£1,632.50
Oil (Brent blend)	$18.10	$18.175

GOLD (per ounce)

	Jan 7	Prev
London	$400.00	$401.00
Zürich	$400.75	$401.75
Paris (fixing)	$399.40	$401.63
Luxembourg	$400.25	$402.35
New York (Feb)	$404.70	$402.20

CURRENCIES

	US DOLLAR		STERLING	
(London)	Jan 7	Previous	Jan 7	Previous
$	–	–	1.4710	1.4765
DM	1.9275	1.91200	2.835	2.835
Yen	158.55	158.75	232.50	234.25
FFr	6.4225	6.3875	9.4475	9.4325
SFr	1.6205	1.6125	2.385	2.38
Guilder	2.1755	2.1660	3.20	3.1975
Lira	1.354	1,340	1,992	1,978.50
BFr	40.15	40.05	59.05	59.15
C$	1.3715	1.3740	2.0200	2.0285

INTEREST RATES

Euro-currencies (3-month offered rate)	Jan 7	Prev
£	11 3/16	11 3/16
SFr	4 1/16	3 15/16
DM	3⅞	4 1/16
FFr	11	11⅛
FT London Interbank fixing (offered rate)		
3-month US$	6⅛	6⅛
6-month US$	6 3/16	6 3/16
US Fed Funds	6 1/16*	6 7/16
US 3-month CDs	5.75*	6.075
US 3-month T-bills	5.41*	5.65

US BONDS

Treasury		January 7*		Prev	
		Price	Yield	Price	Yield
6⅝	1988	100 3/32	6.215	100 1/32	6.232
7⅛	1993	100 15/32	6.913	100 14/32	6.93
7⅛	1996	101 11/32	7.059	101 7/32	7.073
7¼	2016	101 23/32	7.35	101 25/32	7.35

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Jan 7 Day's change	Yield	Day's change
1–30	161.73	+0.20	6.87	–0.03
1–10	153.43	+0.14	6.59	–0.03
1– 3	142.90	+0.10	6.28	–0.03
3– 5	156.29	+0.17	6.86	–0.03
15–30	191.31	+0.42	7.79	–0.02

Source: Merrill Lynch

Corporate	January 7*		Prev	
	Price	Yield	Price	Yield
AT & T				
3⅞ July 1990	91.927	6.50	92.112	6.45
SCBT South Central				
10⅞ Jan 1993	106.125	9.54	106.125	9.539
Phibro-Sal				
8 April 1996	99.338	8.10	99.338	8.10
TRW				
8⅞ March 1996	103.795	8.15	103.50	8.196
Arco				
9⅞ March 2016	112	8.731	111	8.818
General Motors				
8⅛ April 2016	94	8.692	93.5	8.742
Citicorp				
9⅞ March 2016	102	9.175	101.5	9.224

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
March	100–24	100–26	100–02	100–16
US Treasury Bills (IMM)				
$1m points of 100%				
March	94.81	94.83	94.74	94.77
Certificates of Deposit (IMM)				
$1m points of 100%				
March	–	–	–	94.44
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	94.03	94.04	94.00	94.03
20-year Notional Gilt				
£50,000 32nds of 100%				
March	114–08	114–15	113–29	114–10

* Latest available figures

TOKYO

Protectionist fears cause a setback

AFTER A HIGHER start, the Nikkei average plummeted in Tokyo yesterday on reports that a series of protectionist trade bills had been re-submitted to the US House of Representatives, *writes Shigeo Nishiwaki of Jiji Press.*

The 225-issue market indicator, which rose 52.95 soon after the opening, nosedived 253.08 in the afternoon. However, financial stocks rallied on heavy buying by securities house dealers towards the close, so that the average recouped much of its loss and closed only 94.39 lower at 18,842.37. Losses outpaced gains by 490 to 347, with 149 issues unchanged.

Volume increased from 472.80m shares on Tuesday to 546.60m. But this was far less than the daily 2bn-plus shares registered during last August's bull market when institutional investors poured funds into stocks.

Trading so far this year has been limited to dealer transactions in financial stocks. Most institutional investors have stayed on the sidelines since late last year, although some have been quick to sell for profit as soon as prices rise.

Renewed fears of US protectionism brought blue chips down on a wide front. NEC and Matsushita Electric Industrial lost Y30 each to Y2,000 and Y2,020 respectively, while Toyota Motor fell Y40 to Y2,050 and Sony Y60 to Y3,370. But selling was only light, as shown by the modest 3.33m Matsushita shares traded.

Among budget-affected issues, Kajima dipped Y10 to Y1,540, Toyo Construction Y7 to Y590 and Kumagai Gumi Y10 to Y1,280. Pharmaceuticals continued to lose ground, with Takeda Chemical dropping Y40 to Y2,540. Kaken Pharmaceutical, Daiichi Seiyaku and Tanabe Seiyaku all finished Y60 lower at Y1,900, Y3,250 and Y1,760 respectively.

Major losers included utilities. Tokyo Electric Power plunged Y140 to Y7,790 and Tokyo Gas Y40 to Y1,080.

Investors bought non-life insurance stocks. Taisho Marine & Fire Insurance gained Y55 to Y1,030, Yasuda Fire & Marine Insurance Y20 to Y980 and Sumitomo Marine & Fire Insurance Y40 to Y1,120. Among actives, Tokio Marine & Fire Insurance advanced Y40 at one stage but finished unchanged from Tuesday at Y1,890.

City and trust banks, which contributed much to pushing up the Nikkei average to a record high on Tuesday, declined sharply under profit-taking pressure. But they recovered rapidly later thanks to dealer purchases. Sumitomo Bank, for instance, lost Y70 temporarily but closed unchanged at Y2,630. Fuji Bank finished Y10 lower at Y2,190 after plunging Y120 at one stage.

Bond prices firmed in relatively heavy trading despite negative factors such as the weak US bond market. The yield on the 5.1 per cent government bond due in June 1996 declined from 5.250 per cent on Tuesday to 5.210 per cent, with Nomura Securities placing a large buy order for the issue.

Leading securities houses have large inventories of bonds with low coupons of below 6 per cent. Analysts said market participants were focusing on when institutional investors, who are now seeking higher-coupon bonds, would begin to buy low-coupon bonds.

SOUTH AFRICA

GOLD shares fell from the heights reached during the recent surge in bullion prices, with provisional figures putting the all-gold index down 39 at 2,027 from Tuesday's record high.

Vaal Reefs tumbled R5 to R400, South Vaal lost R2 to R203.50 and Kloof was off R1 at R36.50.

Diamond share De Beers, however, continued its gains, rising 40 cents to R36.75.

EUROPE

Wary eye on currencies and rates

INTEREST RATE MOVEMENTS and currency concerns returned to the forefront of the European bourses yesterday as the French franc remained fixed at the floor of its EMS trading level.

Paris suffered a mild dose of profit-taking from the strong gains experienced on Monday and Tuesday. Most investors kept a wary eye on the movement of franc and D-Mark exchange rates. Reassurances by Mr Jacques Chirac, Prime Minister, and Mr Edouard Balladur, Economics Minister, that the French currency would not be devalued provided a modicum of support to sentiment, brokers said.

Bank, food, construction and oil issues advanced while car, retail and electrical stocks edged lower.

Valeo fell FFr 14 to FFr 520 on reports that it was selling its 8 per cent stake in Lambert Frères, a construction materials producer.

Peugeot slipped FFr 4 to FFr 1,220 amid group chairman Jacques Calvet's forecasts of a 30 per cent gain in 1986 profits.

Brussels retreated in light trading following the half percentage point rise in the key discount rate to 8.5 per cent by the Banque Nationale de Belgique. Utilities were the first to suffer with Unerg off BFr 50 to BFr 2,800 and Intercom down BFr 35 to BFr 3,835.

Market bellwether Petrofina failed to carry through the gains of the previous session and slipped back BFr 140 to BFr 9,360 on renewed fears that its US unit would face large fines over alleged violations of oil price regulations. Shell Oil was fined $160m yesterday by the US Department of Energy for pricing irregularities.

Zurich was pulled back from its recent peaks by steady institutional profit-taking. News that the four main banks were cutting their time deposit rates by ¼ point to 3¾ per cent effective today failed to bolster sentiment. The new rate applies to all maturities from three to 12 months.

Swissair managed to move against the trend with a SFr 30 rise to SFr 1,280.

Foods were actively sold with Jacobs Suchard down SFr 100 to SFr 9,025 while Nestlé, which is buying US opthalmic interest, lost SFr 75 to SFr 9,875 after touching a low of SFr 9,800.

Bond prices firmed in lively reaction to the weak dollar and EMS tensions.

Frankfurt closed at its day's low in lacklustre trading that displayed little reaction to recent peaks in the US and Japan. Caution ahead of this month's general election was cited as a possible cause for the low level of activity.

Revised forecasts of economic expansion by the Berlin DIW institute added to the broad uncertainty. The institute has scaled back to 1.5 per cent its earlier estimate of 2.5 per cent expansion.

Deutsche Bank dropped DM 8 to DM 813 and Commerzbank lost DM 6 to DM 309. BMW slipped DM 2 to DM 572 despite its 36 per cent gain in December US sales to 10,400 cars.

Bonds were nervous in response to early Bundesbank intervention for the dollar. Longs lost up to 25 basis points. The central bank bought DM 44.8m of paper compared with purchases of DM 21.4m on Tuesday.

Madrid reached a fresh peak while Milan turned mixed in late trading. Amsterdam turned nervously lower, Stockholm was down sharply and Oslo was subjected to profit-taking.

AUSTRALIA

STRONG trading in resource and industrial stocks extended the peak in Sydney share prices, taking the All-Ordinaries index to its seventh consecutive record with a rise of 10.9 to 1,534.0.

BHP briefly touched A$9.40 on speculation of a takeover bid but still closed at another 12-month record, up 8 cents to A$9.32.

Media stocks were active, with heavy trading by News Corporation's brokers taking Advertising Newspapers up 5 cents to A$3.55. The Herald and Weekly Times, facing a formal News Corp bid, edged to a 12-month high of A$13.70, while Queensland Press, under a bid from John Fairfax, climbed 20 cents to A$20.20.

SINGAPORE

CONTINUED buying interest and short-covering pushed Singapore higher in moderate trading. The Straits Times industrial index closed up 3.18 at 893.25 with the Stock Exchange all-share index up 0.36 to 270.78.

Volume surged to 51m shares from 12.9m on Tuesday, largely inflated by a block deal involving 32m Sealion Hotel shares at 71 cents. Sealion closed up 6½ cents at 80 cents.

LONDON

A SPATE of foreign and British institutional buying drove the London stock market ahead strongly yesterday and took the FT-SE 100 index to a new peak.

The buying, which caught some marketmakers off guard, was helped by this week's records in Tokyo and New York. The market rose from the start and gave a final flourish on news of Wall Street's early advance.

Prices closed at the day's highs, with the FT-SE 100 index up 31.5 at 1,722.2. Its previous record was 1,717.6, reached last April. The FT Ordinary index gained 18.7 to 1,353.0.

Glaxo was the outstanding feature, jumping £9/16 to a record of £11⅛ on 6.5m shares traded, as it benefited from US funds which followed the lead taken by European and Japanese buyers a month ago.

Other major advances included ICI, up £⅜ to £11 3/16, Fisons, 28p higher at 561p and BAT Industries, up 21p at 483p.

Government bond prices were little changed after foreign investors failed to materialise at the tender for £1bn Treasury stock dated 1994 and the stock was undersubscribed.

Chief price changes, Page 31; Details, Page 30; Share Information Service, Pages 28–29.

HONG KONG

THE RECORD-BREAKING trend continued in Hong Kong as strong demand from local and foreign investors pushed the Hang Seng index through the 2,600 level for the first time.

In heavy turnover worth HK$1.42bn compared with HK$1.17bn on Tuesday, the index closed 23.24 higher at 2,607.11 for a two-day rise of 54.7.

The session saw limited profit-taking by small investors but the mood was mainly bullish.

Banks were especially in demand, with Hongkong Bank up 25 cents to HK$9.55, Hang Seng gaining 50 cents to HK$43 and Bank of East Asia adding 10 cents to HK$24.00.

CANADA

OPTIMISM about US economic growth and consequent Canadian exports helped to take share prices in Toronto to record highs from the start. An improved outlook for resource industries added to the boost.

Industrials dominated activity, led by Canadian Pacific up C$⅜ at C$19¼.

Montreal also saw most sectors gaining, although utilities were unchanged.